

**BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2004-357-WS**

IN RE:

Application of Carolina Water Service,
Inc. for adjustment of rates and charges
and modification of certain terms and
conditions for the provision of water and
sewer service.

**REBUTTAL TESTIMONY
OF
STEVEN M. LUBERTOZZI**

**Q. ARE YOU THE SAME STEVEN M. LUBERTOZZI THAT HAS PREFILED
DIRECT TESTIMONY IN THIS CASE?**

A. Yes, I am.

**Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS
PROCEEDING, MR. LUBERTOZZI?**

A. The purpose of my rebuttal testimony is to respond to portions of the pre-filed
direct testimony of ORS witnesses Sharon Scott and Dawn Hipp and Midlands Utility
witness Keith G. Parnell. I will also provide information pertinent to the criticisms of our
River Hills customers.

**Q. HAVE YOU REVIEWED THE ADJUSTMENTS PROPOSED BY ORS IN MS.
SCOTT'S TESTIMONY AND ITS ATTACHED AUDIT REPORT?**

A. Yes, I have.

Q. DO YOU AGREE WITH ANY OF THESE PROPOSED ADJUSTMENTS?

A. Yes, I agree with quite a few of them. Specifically, the Company accepts ORS's
following proposed adjustments:

No. 1 Operating Revenue

No. 2 Annualized Operator Salaries of \$894,224 [only]

1	No. 11	Deferred Expenses
2	No. 12	Annualized Office Salaries of \$304,053
3	No. 18	Rate Case Expense – Only the term of three [3] years. Actual rate case
4		expense is updated for rebuttal testimony and will also be updated at the
5		hearing via a late filed exhibit.
6	No. 19	Annualized Pension & Benefits of \$251,971 [only]
7	No. 20	Employee Bonuses
8	No. 21	DHEC Fines
9	No. 21	Property Insurance
10	No. 21	Entertainment Expenses
11	No. 21	Sewer Rodding
12	No 22	Composite Depreciation Rate for Plant in Service at 1.50%. The
13		Company disagrees with the six year term for vehicles.
14	No. 24	Depreciation Expense Related to Retired Wells
15	No. 25	Extraordinary Depreciation Expense
16	No. 26	Property Taxes Associated with Retired Wells
17	No. 27	Annualized Payroll Taxes of \$94,215 [only]
18	No. 28	Utility/Commission Taxes and Gross Receipts Tax
19	No. 29	Adjustment to Property Taxes
20	No. 31	Interest on Customer Deposits
21	No. 32	AFUDC
22	No. 33	Remove Wells
23	No. 34	Remove Excess Book Value
24	No. 35	Remove Plant Sample Items
25	No. 41	Cash Working Capital – Methodology Only
26	No. 42	WSC Rate Base
27	No. 43	Advances in Aid Construction
28	No. 45	Customer Deposits

1 No. 46 Interest Expense – CWS agrees with the methodology used to calculate
2 interest expense.

3 No. 48 Uncollectible Accounts – CWS agrees with the methodology used to
4 calculate uncollectible accounts.

5 No. 49 Taxes Other Than Income – CWS agrees with the methodology used to
6 calculate taxes other than income.

7
8 **Q. WOULD YOU PLEASE DISCUSS THE PROPOSED ORS ADJUSTMENTS**
9 **WITH WHICH YOU DO NOT AGREE?**

10 **A.** Yes. The first adjustment proposed by the ORS that I do not agree with is their
11 exclusion of the inflation adjustment based on the Consumer Price Index (“CPI”). The
12 increase is based upon the average compound rate of return of water and sewer
13 maintenance as compiled by the U.S. Department of Labor, Bureau of Labor Statistics,
14 over the past four years. The concept of the inflation adjustment is to allow the Utility to
15 increase expenses based upon the CPI. The alternative to adjusting expenses by the CPI
16 would be to analyze all expenses to determine which vendors had increased their rates.
17 For example, York County, South Carolina vendor number 75870 increased their levy
18 rate from 246.0 in 2004 to 256.7 in 2005. This increase represents a 4.35% increase,
19 which is greater than the revised inflation adjustment increase of 4.275%. The intent of
20 the inflation adjustment is to first, estimate actual cost increases the Utility has incurred,
21 second, is to avoid additional rate case expense and time that the Utility would have to
22 incur to analyze all vendors’ expenses, and third, provide the ORS and the Commission
23 an effortless way to analyze the proposed adjustment.

24
25 **Q. HAVE ANY OTHER COMMISSIONS ACCEPTED THIS METHODOLOGY TO**
26 **INCREASE EXPENSES BASED UPON THE CPI?**

27 **A.** Yes, the North Carolina Utilities Commission did. In an order dated April 15th,
28 2005, Docket No. W-354, Sub 266, the Commission concluded that an inflation
29 adjustment is appropriate.

1
2 **Q. ARE THERE ANY OTHER ORS ADJUSTMENTS WITH WHICH YOU**
3 **DISAGREE?**

4 **A.** Yes. Another adjustment proposed by the ORS that I do not agree with is the
5 removal of the wages and benefits for the two new operators and the project manager.
6 These new employees are required to comply with the daily monitoring requirement. The
7 requirement to test daily is not optional and is known and measurable. CWS is currently
8 advertising and interviewing for these positions, and will have the other two operators
9 and the project manager hired within 45 days from the filing of my rebuttal testimony.
10 The exclusion of these costs will apply downward pressure on the Utility's achieved rate
11 of return when compared to the authorized rate of return and will cause the Utility to
12 increase rates via another rate filing. Mr. Haas described in his rebuttal testimony the
13 other four employees already hired in our effort to comply with the daily monitoring
14 requirement.

15
16 **Q. HAVE ANY OTHER COMMISSIONS ALLOWED SALARIES FOR RATE-**
17 **MAKING PURPOSES TO COMPLY WITH THE DAILY TESTING**
18 **REQUIREMENT PRIOR TO THE EMPLOYEES BEING HIRED?**

19 **A.** Yes, the North Carolina Utilities Commission ("NCUC") did. In an order dated
20 April 15, 2005 the Commission concluded that it was appropriate to include salaries for
21 employees to comply with the daily monitoring requirement even though they had not
22 been hired by the date of the hearing. The NCUC observed at page 45 that:

23 The Commission determines that it should allow the costs CWS [of NC]
24 must incur to comply with the new regulatory requirements to be included
25 in salaries and wages expenses for rate-making purposes..(sic) The new
26 daily chlorine testing is a known and measurable change that was in place
27 before the hearing in this case concluded. CWS has also, prior to the close
28 of the case, begun to undertake the steps to comply with these new
29 requirements. Compliance with the requirements is not optional. CWS
30 must comply. These requirements are imposed on CWS by environmental
31 regulators. Should the Commission refuse to allow recovery of these
32 costs, CWS will be adding significant costs to fulfill its service

responsibilities to its customers that will not be recovered through rates.
This will result in immediate attrition and pressure to again increase rates.

It is clear from this recital that the NCUC understood the gravity of not including these costs for rate-making purposes.

Q. WHAT OTHER ORS ADJUSTMENTS DO YOU DISAGREE WITH?

A. The next adjustment proposed by ORS that I disagree with is the exclusion of the costs related to the vehicles assigned to the newly hired or the anticipated to be hired employees. As described in Mr. Haas' testimony, all new operators are assigned a vehicle. In fact seven vehicles were purchased in the first quarter of 2005. Documentation of that is attached hereto as SML Rebuttal Exhibit No. 16. It is inconsistent for ORS to allow the new employees' salaries and benefits to be included for rate-making purposes because they are known and measurable but preclude the inclusion of their vehicles and the related transportation expense. Kirsten Weeks' rebuttal testimony also addresses this issue as it pertains to the inclusion of these vehicles in the rate base. Dr. Phillips in *The Regulation of Public Utilities* (1993 ed.) at page 196 makes clear that "known changes" are events that take place "during or after the test period." The seven vehicles, their related expenses, and any other assets placed in service after December 31, 2004, are known and measurable and need to be included for rate-making purposes.

Q. DO YOU HAVE FURTHER DISAGREEMENTS WITH ORS ADJUSTMENTS?

A. Yes. Staff's adjustment to Rate Case Expense only includes expenses incurred to the date of their Direct Testimony totaling \$75,011. These expenses included mailing costs, legal and consulting fees and direct time spent on the rate case by Water Service Corporation employees. Staff's adjustment does not include attorneys' fees, the cost of capital witness fees and capitalized time for WSC employees to bring this case to conclusion, including the hearing. Attached hereto is SML Rebuttal Exhibit No. 10, which sets out the Company's costs incurred to date and an estimated cost through the

1 hearing date. We will further update rate case expense at hearing. There should be no
2 argument that the Company has incurred or will incur these expenses. The Commission
3 should allow these costs to be included in rate case expense in this case, or in the
4 alternative allow the costs incurred through the hearing date. This is what was done in
5 our last rate case, Docket No. 200-207-W/S – Order No. 2001-887.
6

7 **Q. ARE THERE MORE ORS ADJUSTMENTS YOU QUESTION?**

8 **A.** Yes, ORS' adjustment to income taxes. CWS is a subsidiary of Utilities, Inc. and
9 therefore files a consolidated tax return. Being part of the Utilities, Inc. family allows
10 CWS to keep rates lower when compared to standalone ownership. Staff's tiered tax rate
11 fails to account for the consolidated tax return that UI files. The tiered rates used by Staff
12 do not accurately reflect the Utility's tax expense. It is my recommendation that the
13 Utility be allowed to calculate rates on the actual tax rate of 34% instead of tiered rates, a
14 recommendation the Commission accepted in the last rate case.
15

16 **Q. ARE THERE MORE ORS ADJUSTMENTS YOU QUESTION?**

17 **A.** Yes, ORS' calculation used to calculate Operating Expenses Charged to Plant.
18 ORS used the per book amounts for both operators' salaries [\$756,849] and operating
19 expenses charged to plant [\$267,522] to develop a ratio to calculate operating expenses
20 charged to plant on a pro forma basis. This method does not include other critical
21 components necessary to calculate operating expenses charged to plant. To develop an
22 accurate ratio one would have to divide the operating expenses charged to plant, incurred
23 during the test year [\$267,522] by total operators' salaries, benefits, and taxes
24 [\$951,207]. This calculation is shown on SML Rebuttal Exhibit No. 9. 28.12% is the

1 appropriate percentage to determine operating expenses charged to plant for rate-making
2 purposes.

3 **Q. WHY WOULD YOU INCLUDE SALARIES, BENEFITS AND TAXES IN THE**
4 **DENOMINATOR WHEN CALCULATING THIS PERCENTAGE?**

5 **A.** The capitalized time factor or rate used to determine actual operating expenses
6 charged to plant includes operators' salaries, benefits, and taxes.

7
8 **Q. WHAT OTHER ADJUSTMENTS ARE YOU PROPOSING THAT DIFFER**
9 **FROM STAFF'S?**

10 **A.** I have annualized depreciation expense and amortization of contributions in aid of
11 construction using known and measurable changes after December 31, 2004.

12
13 **Q. YOU HAVE ALSO REVIEWED MS. HIPPI'S TESTIMONY, IS THAT**
14 **CORRECT?**

15 **A.** Yes, I have.

16
17 **Q. WHAT RESPONSE, IF ANY, DO YOU HAVE TO MS. HIPPI'S TESTIMONY?**

18 **A.** I would like to clarify one point about the portion of her testimony concerning the
19 Company's maintenance of a performance bond for the benefit of the Commission.
20 Although she indicates that the Company has posted an irrevocable letter of credit in the
21 amount of only \$50,000, in actuality the face amount is \$100,000 as is reflected on page
22 3 of her Exhibit DMH-4. I understand that she is interpreting Commission Rules R. 103-
23 512.3.1 and R. 712.3.1 as requiring a separate bond for our water utility and our sewer
24 utility operations in a minimum amount of \$50,000 each and that is part of her basis for
25 concluding that our current letter of credit is deficient. Although I do not disagree with
26 her interpretation, the Company had not been previously advised by the Commission staff
27 that it, too, interpreted these regulations in that manner. We will, of course, comply with
28 the requirement. However, it will cost the Company \$9,000 more annually to maintain

1 these additional letters of credit. We believe an adjustment to our Miscellaneous
2 Expenses in that amount is known and measurable and we request that the Commission
3 make such an adjustment, if it adopts ORS' recommendation in this regard.
4

5 **Q. DO YOU HAVE FURTHER COMMENTS RELATIVE TO MS. HIPPI'S**
6 **TESTIMONY?**

7 **A.** Yes. Ms. Hipp's proposed growth factor adjustment only includes customer
8 growth through December 31, 2004. Kirsten Weeks and I have both testified that there
9 have been known and measurable changes to the Utility since December 31, 2004. Just
10 as it is improper to arbitrarily cut off rate base it is also inappropriate to cut off customer
11 growth at December 31, 2004. This adjustment is inconsistent with the
12

13 **Q. WHAT IS YOUR REACTION TO MR. PARNELL'S TESTIMONY?**

14 **A.** Bewilderment, amazement and bemusement.
15

16 **Q. HOW DOES MR. PARNELL'S TESTIMONY BEWILDER YOU?**

17 **A.** Mr. Parnell's testimony suggests, first, that Carolina Water Service, Inc. should
18 charge a monthly bulk sewer service rate to Midlands Utility consisting of the difference
19 between the rates CWS charges to its customers whose wastewater we treat and the rates
20 we charge to customers whose wastewater we collect and transport to another provider
21 for bulk treatment. Second, he suggests that there is support for that proposition in a
22 contract between CWS and Midlands Utility, and, third, that only a rate determined in
23 that manner will conform with an order of the Commission approving a contract between
24 CWS and Midlands Utility. I am bewildered by this part of his testimony because it is
25 not borne out by any of the documentation pertaining to the initiation of bulk service by
26 our Company to Midlands Utility. Instead, the two letters attached to his testimony as
27 Exhibit "A" – one of which he wrote – contradict him as they clearly provide for a
28 monthly rate of \$11.00 per customer, **or such other rate as approved by the South**
29 **Carolina PSC.**" [Emphasis added.] Further, the Commission "order" referenced by Mr.

1 Parnell and attached to his testimony as Exhibit "B" contains no reference to a rate based
2 upon the differential in CWS's treatment and collection only service charges.
3 Additionally, the petition filed by Midlands Utility in Docket Number 95-1151-S, a copy
4 of which I am attaching to my pre-filed rebuttal testimony as SML Rebuttal Exhibit No.
5 14 specifically states that the two letters attached to Mr. Parnell's testimony constitute the
6 parties' contract.

7 Moreover, subsequent to the Commission's approval of Midlands Utility's
8 petition in Docket Number 95-1151-S, Midlands Utility and Mr. Parnell personally
9 entered into a formal contract with CWS dated November 1, 1996, in which Midlands
10 Utility and Mr. Parnell acknowledged that bulk sewer service for the Vanarsdale
11 Subdivision would be supplied by the Company "under [CWS's] fees, rates, rules and
12 regulations." A copy of this contract is attached as SML Rebuttal Exhibit No. 15.
13 Article IV, Section 5 of this contract provides that it contains the complete understanding
14 between the parties and any amendments must be made in writing. If Mr. Parnell really
15 believed that the parties had contemplated, and the Commission approved, a bulk rate for
16 Vanarsdale based upon the formula he now asserts, he was either incredibly inattentive to
17 the documents he signed or did not understand them. In either case, there is not now, and
18 never has been, any agreement between the Company and Midlands Utility approved by
19 this Commission for a bulk rate to be based upon the differential asserted by Mr. Parnell.
20 To the contrary, the contract approved by the Commission contemplates that the
21 Commission may set a new rate for this bulk service. That is what CWS is seeking in
22 this case.

23
24 **Q. WHAT PORTION OF MR. PARNELL'S TESTIMONY AMAZES YOU?**

25 **A.** I am amazed, on several levels, at Mr. Parnell's criticism of CWS for its proposed
26 treatment charge of \$29.68 based upon the putative impact it will have on customers in
27 the Vanarsdale area. If I read the Commission's Order Number 2002-138 correctly, a
28 simulated collection-only charge of \$14.22 was approved for the purpose of providing a
29 comparison between Midlands Utility's full service rates and rates customers would be

1 charged if there was an interconnection required. In Order Number 2005-168 issued
2 April 6, 2005 in Docket Number 2004-297-S, that simulated collection-only charge is set
3 at \$23.03 per month, with that amount to increase by \$1 upon the completion of some
4 construction projects and an audit by ORS. If the simulated \$14.22 collection-only
5 charge was in fact being applied and added to the current bulk service rate of \$11 charged
6 by CWS, Midlands Utility would have been charging its customers in Vanarsdale no
7 more than \$25.33 per month. Instead, and according to Mr. Parnell's own testimony,
8 Midlands Utility has been charging its customers in Vanarsdale \$26.70 per month.
9 Employing Mr. Parnell's "logic" that bulk service charges should be a function of
10 collection and treatment charges, this means that Midlands Utility has been effectively
11 marking up the cost of treatment for its own customers in Vanarsdale by some 5%. As
12 the Commission is aware, the pass-through rates approved for CWS cannot be marked
13 up.

14 Moreover, the newly approved rate schedule for Midlands Utility in Order
15 Number 2005-168 authorizes an initial monthly service charge of \$37.90. Thus,
16 customers in Vanarsdale are not going to be charged \$26.70 per month on a going
17 forward basis as Mr. Parnell implies in his testimony. The new simulated collection-only
18 charge is initially set at \$23.03 per month under that rate schedule. Based upon the
19 Commission's discussion of Midlands Utility's revenues and treatment expenses in Order
20 Number 2005-168 at pages 9 and 17, it appears to me that customers in Vanarsdale are to
21 be charged the full service rate of \$37.90 and not the collection-only charge of \$23.03.
22 Again applying Mr. Parnell's "logic", Midlands Utility will be effectively marking up the
23 charges currently imposed by CWS for bulk service to customers in Vanarsdale by some
24 35% when it imposes on them its full service charge of \$37.90. If Midlands Utility
25 employed its collection-only charge and a pass-through, its customers in Vanarsdale
26 would pay only \$34.03.

27 I think it fairly obvious that Midlands Utility is not particularly concerned about
28 the impact of an increase in CWS's bulk service charges on customers in Vanarsdale, but
29 is really concerned about the potential impact on Midlands Utility. The only way in

1 which the increase in our bulk rate to Midlands Utility will have an impact upon
2 customers in Vanarsdale is if Midlands Utility decides that it will pass-through our bulk
3 rate directly to those customers. Since it did not see its way clear to give Vanarsdale
4 customers the benefit of the pass-through of CWS's bulk rate before, I cannot see how it
5 would be reasonable for Midlands Utility to now attempt to pass-through our bulk rate to
6 these same customers as Mr. Parnell's testimony appears to threaten. Nor can I see how
7 it would be proper for Midlands Utility to pass-through our bulk rates to customers in
8 Vanarsdale. Not only do Order Numbers 2002-138 and 2005-168 appear to contemplate
9 that there will not be a pass-through for Midlands customers, the Commission has
10 determined in any number of cases that even a pass through provision already approved
11 for inclusion in a utility's rate schedule cannot be put into effect for the first time unless
12 and until the affected customers are given notice. This ruling was made in Order Number
13 95-1762, which was issued December 28, 1995 in Docket Number 95-794-W/S
14 pertaining to CWS's bulk service arrangement with York County. Mr. Parnell criticizes
15 CWS for seeking an increase in its bulk rate "without direct notice to Midlands
16 Vanarsdale customers." I assume that he did not believe that notice to his company's
17 Vanarsdale customers was necessary when they were being billed at rates which
18 effectively marked up our bulk charges. If the customers in Vanarsdale are entitled to
19 any notice, it is notice from Midlands Utility that it will seek this Commission's approval
20 to place its pass-through into effect. If that is not the intent of Midlands Utility, then all
21 of Mr. Parnell's protestations about the impact of the increase in the Company's bulk
22 service charge on Vanarsdale customers are irrelevant.

23
24 **Q. WHY ARE YOU BEMUSED BY PORTIONS OF MR. PARNELL'S**
25 **TESTIMONY?**

26 **A.** I am bemused by Mr. Parnell's protestations regarding the dollar amount and
27 percentage increase in our bulk service charges for two reasons. First, I have reviewed
28 the rate schedule approved for Bush River Utilities, Inc. in Commission Order Number
29 2005-83 issued in Docket Number 2004-259-S on February 25, 2005. I understand that

1 Mr. Parnell is one of the principals of that utility and that it is an affiliate of both
2 Midlands Utility and DSI, another sewer utility under Mr. Parnell's common control. I
3 further understand that Bush River Utilities' sole wholesale customer is DSI. As I read
4 its newly approved rate schedule, Bush River Utilities is authorized to impose upon DSI a
5 monthly bulk sewer service charge of 75% of its full treatment charge. This means that,
6 initially, DSI will be charged \$17.30 per single family residence for bulk service from
7 Bush River Utilities, whose rate will increase to \$19.86 upon the completion of some
8 construction projects and an ORS audit. This demonstrates to me that Mr. Parnell does
9 not adhere to the adage "what's good for the goose is good for the gander". According to
10 Mr. Parnell, CWS should only be permitted to increase our bulk service charge from
11 \$11.00 to \$14.77 per month. However, if CWS were permitted to impose a bulk service
12 charge at a rate of 75% of our current full service charges like Bush River Utilities does,
13 we would today be charging Midlands Utility \$22.75 per single family equivalent. If our
14 proposed full service rate increase was granted in this case and we were able to charge
15 Midlands Utility 75% of that figure for bulk service, the rate would be \$30.69 per single
16 family equivalent. The bulk rate we are asking for is actually less on a percentage basis
17 than that which Midlands Utility's own wholesale affiliate charges its bulk service
18 customers.

19
20 **Q. IS IT TRUE THAT THE COMPANY'S REQUEST TO INCREASE THE BULK**
21 **RATES FOR MIDLANDS UTILITY WILL RESULT IN ITS VANARSDALE**
22 **CUSTOMERS "SUBSIDIZING ALL OF THE OTHER CAROLINA WATER**
23 **SERVICE CUSTOMERS" AS MR. PARNELL CONTENDS?**

24 **A.** No, it is not since Midlands Utility is not passing-through the bulk charges we
25 impose to its customers in Vanarsdale as I discussed above. In fact, utilizing Mr.
26 Parnell's "logic", Midlands Utility's customers in Varnarsdale are, and have been for
27 some time, subsidizing Midlands Utility's other customers since the Vanarsdale
28 customers are charged \$26.70 per month when they would only be charged \$25.33 if they
29 had been given the benefit of the collection-only charge and a pass-through rate.

1
2 **Q. IS IT TRUE THAT THE COMPANY IS REQUESTING A 270% INCREASE IN**
3 **THE BULK RATE FOR MIDLANDS UTILITY'S VANARSDALE CUSTOMERS**
4 **AS MR. PARNELL STATES?**

5 **A.** No, it is not. The Company is requesting an increase in its bulk service charge to
6 Midlands Utility of \$18.68 per single family equivalent per month. Unless and until
7 Midlands Utility institutes a pass-through to its Vanarsdale customers, this increase,
8 which is 170% and not 270%, would be transparent to them.
9

10 **Q. IS IT TRUE THAT THE COMPANY SEEKS "TO CHARGE MIDLANDS'**
11 **CUSTOMERS FOR SERVICE THAT IT DOES NOT PROVIDE TO THEM" AS**
12 **MR. PARNELL ALLEGES?**

13 **A.** No, it is not. As in any bulk billing arrangement, the charges are levied against
14 the interconnecting utility and not its customers. Mr. Parnell contends that CWS will not
15 be providing collection, transportation, billing or complaint resolution services in the
16 context of our bulk arrangement, but this is not exactly true since the Company will be
17 collecting wastewater that Midlands Utility is unable to treat for its own customers,
18 transporting that wastewater to our treatment facility, and billing Midlands Utility for the
19 service.
20

21 **Q. DO YOU AGREE WITH MR. PARNELL'S ASSERTION THAT THE**
22 **PROPOSED BULK SERVICE RATE FOR MIDLANDS UTILITY IS NOT JUST**
23 **AND REASONABLE?**

24 **A.** No, I do not. A just and reasonable rate is one which, among other things, fairly
25 distributes the utility's revenue requirements among its various class of customers. I
26 believe that our proposed bulk rate for Midlands Utility achieves that. Although he seeks
27 to characterize it as concern for Midlands Utility customers in Vanarsdale, Mr. Parnell's
28 real concern is with the impact of our proposed rate on his company. His own wholesale
29 utility, Bush River, charges a bulk rate of 75% of its full service rate, as I already

1 mentioned. By contrast, our proposed bulk rate is only 72.5% of our proposed full
2 service rate. Mr. Parnell would have this Commission conclude that a bulk rate of \$14.77
3 per month is just and reasonable, when his own bulk affiliate charges \$17.30 and may in
4 the future charge \$19.86. Additionally, Midlands Utility has enjoyed a very favorable
5 bulk rate of \$11 for nearly nine years – the benefit of which Midlands Utility has never
6 passed through to its own customers in Vanarsdale but instead has used to subsidize the
7 service it provides to its other customers. I believe that our proposed rate is just and
8 reasonable.

9
10 **Q. MR. LUBERTOZZI, WHAT WOULD BE THE IMPACT ON CWS'S OTHER**
11 **CUSTOMERS IF THE COMMISSION WERE TO ADOPT THE BULK RATE**
12 **PROPOSED BY MR. PARNELL?**

13 **A.** Obviously, it would shift to them a greater portion of the Company's revenue
14 requirement as determined by the Commission in this proceeding. This, in turn, will
15 cause the rates approved by the Commission for our other customers to be higher than
16 they would otherwise be. In the final analysis, the issue raised by Midlands Utility is one
17 of rate design, but the implications for CWS's other customers are great. We believe that
18 it is reasonable for Midlands Utility to assume responsibility for a portion of the
19 Company's revenue requirement that, on a percentage basis, is less than what Midlands
20 Utility's own bulk affiliate requires of its bulk customers.

21
22 **Q. YOU MENTIONED CRITICISMS BY RIVER HILLS CUSTOMERS. WOULD**
23 **YOU ELABORATE ON THAT?**

24 **A.** The River Hills system customers have complained about our rates in the past
25 and, I understand, again at the recent night hearing. As the Commission knows, these
26 customers are charged for distribution and collection only by CWS. The balance of their
27 bills goes to York County as a pass-through which we do not mark up.

1 **Q. MR. LUBERTOZZI WHAT DOES THE AVERAGE RIVER HILLS CUSTOMER**
2 **PAY FOR WATER AND SEWER SERVICES BASED UPON AN AVERAGE**
3 **CONSUMPTION?**

4 A. Based on an average consumption of 5,919 gallons per month the average River
5 Hills customer would expect to pay approximately \$81.82. This calculation was based on
6 our current rate structure.

7
8 **Q. HOW MUCH OF THE \$81.82 IS REMITTED TO YORK COUNTY?**

9 A. Of the \$81.82 collected from customers \$41.49 is transmitted to York County as a
10 pass through. This represents 50.71% of the customers' bill. I have attached as SML
11 Rebuttal Exhibit No. 17 an analysis of an average River Hills customers' bill and the
12 relative amounts and percentages charged by the Utility and York County.

13
14 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

15 A. Yes, it does.
16

Carolina Water Service, Inc.
Income Statement - Combined Operations
Test Year Ended June 30, 2004

SML Rebuttal Exhibit No. 1

	Per Company Books	ORS Adjustments	As Adjusted ORS	CWS Rebuttal Adjustment	As Adjusted CWS	Proposed Increase	After Proposed Increase
Operating Revenues							
Water Revenues	\$ 1,820,651	\$ 15,618	\$ 1,836,269	\$ -	\$ 1,836,269	\$ 91,770	\$ 1,928,039
Sewer Revenues	3,760,081	14,247	3,774,328	-	3,774,328	1,505,350	5,279,678
Misc. Revenues	106,827	-	106,827	-	106,827	-	106,827
Uncollectible Accounts	(42,869)	-	(42,869)	-	(42,869)	(12,366)	(55,235)
Total Operating Revenues	5,644,690	29,865	5,674,555	-	5,674,555	1,584,754	7,259,309
<u>Maintenance Expenses</u>							
Salaries and Wages	756,848	137,376	894,224	65,090	959,314	-	959,314
Purchased Power	422,749	-	422,749	18,073	440,822	-	440,822
Purchased Sewer & Water	(465)	-	(465)	-	(465)	-	(465)
Maintenance and Repair	1,639,682	4,960	1,644,642	70,096	1,714,738	-	1,714,738
Maintenance Testing	42,738	-	42,738	1,827	44,565	-	44,565
Meter Reading	41,617	-	41,617	1,779	43,396	-	43,396
Chemicals	215,478	-	215,478	9,212	224,690	-	224,690
Transportation	63,939	-	63,939	24,865	88,804	-	88,804
Operating Exp. Charged to Plant	(267,522)	(63,717)	(331,239)	(19,540)	(350,779)	-	(350,779)
Outside Services - Other	131,146	-	131,146	5,606	136,752	-	136,752
Total Maintenance Expenses	3,046,210	78,619	3,124,829	177,009	3,301,838	-	3,301,838
<u>General Expenses</u>							
Salaries & Wages	290,536	(9,170)	281,366	-	281,366	-	281,366
Office Supplies & Other Exp.	166,391	-	166,391	7,113	173,504	-	173,504
Regulatory Commission Exp.	101,626	(76,622)	25,004	32,297	57,301	-	57,301
Pension & Other Benefits	206,536	45,435	251,971	16,548	268,519	-	268,519
Rent	3,455	-	3,455	148	3,603	-	3,603
Insurance	149,329	-	149,329	6,384	155,713	-	155,713
Office Utilities	65,884	-	65,884	2,817	68,701	-	68,701
Misc. LOC Costs	-	-	-	9,000	9,000	-	9,000
Miscellaneous	48,377	(68,914)	(20,537)	2,068	(18,469)	-	(18,469)
Total General Expenses	1,032,134	(109,271)	922,863	76,374	999,237	-	999,237
Depreciation & Amortization	337,332	(2,127)	335,205	55,830	391,035	-	391,035
Extraordinary Retirement	-	29,924	29,924	-	29,924	-	29,924
Taxes Other Than Income	464,537	271,224	735,761	5,302	741,063	17,142	758,206
Income Taxes	(117,583)	117,583	-	-	-	416,838	416,838
Amortization of ITC	(8,852)	-	(8,852)	-	(8,852)	-	(8,852)
Interest on Customer Deposits	-	(3,311)	(3,311)	-	(3,311)	-	(3,311)
Total Other	675,434	413,293	1,088,727	61,132	1,149,859	433,980	1,583,839
Total Operating Income	890,912	(352,776)	538,136	(314,515)	223,621	1,150,774	1,374,395
AFUDC	17,756	(17,756)	-	-	-	-	-
Customer Growth	-	9,338	9,338	-	9,338	16,484	25,822
Net Income for Return	908,668	(361,194)	547,474	(314,515)	232,959	1,167,257	1,400,216
Original Cost Rate Base	15,639,930		14,770,115	854,045	15,624,160		15,624,160
Return on Rate Base	5.70%		3.71%				8.96%
Interest Expense	735,428		636,879				673,705

Carolina Water Service, Inc.
Income Statement - Water Operations
Test Year Ended June 30, 2004

SML Rebuttal Exhibit No. 1-1

	Per Company Books	ORS Adjustments	As Adjusted ORS	CWS Rebuttal Adjustment	As Adjusted CWS	Proposed Increase	After Proposed Increase
Operating Revenues							
Water Revenues	\$ 1,820,651	\$ 15,618 (1)	\$ 1,836,269		\$ 1,836,269	\$ 91,770 (10)	\$ 1,928,039
Sewer Revenues	-	-	-		-	-	-
Misc. Revenues	31,199	-	31,199		31,199	-	31,199
Uncollectible Accounts	(13,705)	-	(13,705)		(13,705)	(691) (11)	(14,396)
Total Operating Revenues	1,838,145	15,618	1,853,763	-	1,853,763	91,079	1,944,842
Maintenance Expenses							
Salaries and Wages	279,731	50,829 (1)	330,560	24,057 (2)	354,617		354,617
Purchased Power	91,873	-	91,873	3,928 (3)	95,801		95,801
Purchased Sewer & Water	59,618	-	59,618	-	59,618		59,618
Maintenance and Repair	127,483	1,833 (1)	129,316	5,450 (3)	134,766		134,766
Maintenance Testing	5,293	-	5,293	226 (3)	5,519		5,519
Meter Reading	41,617	-	41,617	1,779 (3)	43,396		43,396
Chemicals	79,641	-	79,641	3,405 (3)	83,046		83,046
Transportation	23,632	-	23,632	9,200 (6)	32,832		32,832
Operating Exp. Charged to Plant	(98,876)	(23,575) (1)	(122,451)	(6,177)	(128,628) (9)		(128,628)
Outside Services - Other	48,464	-	48,464	2,072 (3)	50,536		50,536
Total Maintenance Expenses	658,476	29,087	687,563	43,940	731,503	-	731,503
General Expenses							
Salaries & Wages	107,382	(3,389) (1)	103,993	-	103,993		103,993
Office Supplies & Other Exp.	61,498	-	61,498	2,629 (3)	64,127		64,127
Regulatory Commission Exp.	37,561	(28,320) (1)	9,241	11,960	21,201 (8)		21,201
Pension & Other Benefits	76,336	16,811 (1)	93,147	6,116 (5)	99,263		99,263
Rent	1,277	-	1,277	55 (3)	1,332		1,332
Insurance	55,192	-	55,192	2,359 (3)	57,551		57,551
Office Utilities	24,351	-	24,351	1,041 (3)	25,392		25,392
Misc. LOC Costs	-	-	-	3,330 (15)	3,330		3,330
Miscellaneous	17,880	(25,470) (1)	(7,590)	764 (3)	(6,826)		(6,826)
Total General Expenses	381,477	(40,368)	341,109	28,255	369,364	-	369,364
Depreciation & Amortization	125,688	(16,197) (1)	109,491	17,971	127,462 (7)		127,462
Extraordinary Retirement	-	29,924 (1)	29,924		29,924		29,924
Taxes Other Than Income	155,787	94,854 (1)	250,641	1,960 (4)	252,601	985 (12)	253,586
Income Taxes	(37,591)	37,591 (1)	-		-	97,451 (13)	97,451
Amortization of ITC	(2,631)	-	(2,631)		(2,631)		(2,631)
Interest on Customer Deposits	-	(1,224) (1)	(1,224)		(1,224)		(1,224)
Total Other	241,253	144,948	386,201	19,931	406,132	98,436	504,568
Total Operating Income	556,939	(118,049)	438,890	(92,125)	346,765	(7,357)	339,408
AFUDC	5,277	(5,277) (1)	-		-		-
Customer Growth	-	7,989 (1)	7,989		7,989	45	8,034
Net Income for Return	562,216	(115,337)	446,879	(92,125)	354,754	(7,312)	347,442
Original Cost Rate Base	4,461,971		3,933,695	138,622	4,072,317 (14)		4,072,317
Return on Rate Base	12.48%		11.36%				8.53%
Interest Expense	219,188		169,619				175,596

Footnotes

- (1) Per ORS testimony and workpapers
- (2) SML Rebuttal Exhibit No.2
- (3) SML Rebuttal Exhibit No.3
- (4) SML Rebuttal Exhibit No.2
- (5) SML Rebuttal Exhibit No.2
- (6) SML Rebuttal Exhibit No.4
- (7) SML Rebuttal Exhibit No. 11 & No. 12
- (8) SML Rebuttal Exhibit No. 10
- (9) SML Rebuttal Exhibit No. 9
- (10) SML Rebuttal Exhibit No. 8 - Proposed Revenue Adjustment
- (11) Based on .7525% of proposed revenues
- (12) SML Rebuttal Exhibit No. 6
- (13) SML Rebuttal Exhibit No. 5
- (14) KEW Rebuttal Exhibit No. 2
- (15) The additional LOC will cost 1.5% of the additional \$100,000 [allocated to water & sewer]

Carolina Water Service, Inc.
Income Statement - Sewer Operations
Test Year Ended June 30, 2004

SML Rebuttal Exhibit No. 1-2

	Per Company Books	ORS Adjustments	As Adjusted ORS	CWS Rebuttal Adjustment	As Adjusted CWS	Proposed Increase	After Proposed Increase
Operating Revenues							
Water Revenues	\$ -		\$ -		\$ -		\$ -
Sewer Revenues	3,760,081	14,247 (1)	3,774,328		3,774,328	1,505,350 (10)	5,279,678
Misc. Revenues	75,628	-	75,628		75,628		75,628
Uncollectible Accounts	(29,164)	-	(29,164)		(29,164)	(11,675) (11)	(40,839)
Total Operating Revenues	3,806,545	14,247	3,820,792	-	3,820,792	1,493,675	5,314,467
Maintenance Expenses							
Salaries and Wages	477,117	86,547 (1)	563,664	41,033 (2)	604,697		604,697
Purchased Power	330,876	-	330,876	14,145 (3)	345,021		345,021
Purchased Sewer & Water	(60,083)	-	(60,083)	-	(60,083)		(60,083)
Maintenance and Repair	1,512,199	3,127 (1)	1,515,326	64,647 (3)	1,579,973		1,579,973
Maintenance Testing	37,445	-	37,445	1,601 (3)	39,046		39,046
Meter Reading	-	-	-	-	-		-
Chemicals	135,837	-	135,837	5,807 (3)	141,644		141,644
Transportation	40,307	-	40,307	15,665 (6)	55,972		55,972
Operating Exp. Charged to Plant	(168,646)	(40,142) (1)	(208,788)	(13,363)	(222,150) (9)		(222,150)
Outside Services - Other	82,682	-	82,682	3,535 (3)	86,217		86,217
Total Maintenance Expenses	2,387,734	49,532	2,437,266	133,069	2,570,335	-	2,570,335
General Expenses							
Salaries & Wages	183,154	(5,781) (1)	177,373	-	177,373		177,373
Office Supplies & Other Exp.	104,893	-	104,893	4,484 (3)	109,377		109,377
Regulatory Commission Exp.	64,065	(48,302) (1)	15,763	20,336	36,099 (8)		36,099
Pension & Other Benefits	130,200	28,624 (1)	158,824	10,432 (5)	169,256		169,256
Rent	2,178	-	2,178	93 (3)	2,271		2,271
Insurance	94,137	-	94,137	4,024 (3)	98,161		98,161
Office Utilities	41,533	-	41,533	1,776 (3)	43,309		43,309
Misc. LOC Costs	-	-	-	5,670 (15)	5,670		5,670
Miscellaneous	30,497	(43,444) (1)	(12,947)	1,304 (3)	(11,643)		(11,643)
Total General Expenses	650,657	(68,903)	581,754	48,119	629,873	-	629,873
Depreciation & Amortization	211,644	14,070 (1)	225,714	37,859	263,573 (7)		263,573
Extraordinary Retirement	-	- (1)	-	-	-		-
Taxes Other Than Income	308,750	176,370 (1)	485,120	3,343 (4)	488,463	16,157 (12)	504,620
Income Taxes	(79,992)	79,992 (1)	-	-	-	319,387 (13)	319,387
Amortization of ITC	(6,221)	-	(6,221)	-	(6,221)		(6,221)
Interest on Customer Deposits	-	(2,087) (1)	(2,087)	-	(2,087)		(2,087)
Total Other	434,181	268,345	702,526	41,202	743,728	335,544	1,079,271
Total Operating Income	333,973	(234,727)	99,246	(222,390)	(123,144)	1,158,131	1,034,987
AFUDC	12,479	(12,479) (1)	-	-	-		-
Customer Growth	-	1,349 (1)	1,349	-	1,349	16,438	17,787
Net Income for Return	346,452	(245,857)	100,595	(222,390)	(121,795)	1,174,569	1,052,774
Original Cost Rate Base	11,177,959		10,836,420	715,423	11,551,843 (14)		11,551,843
Return on Rate Base	2.99%		0.93%				9.11%
Interest Expense	516,240		467,260				498,109

Footnotes

- (1) Per ORS testimony and workpapers
- (2) SML Rebuttal Exhibit No.2
- (3) SML Rebuttal Exhibit No.3
- (4) SML Rebuttal Exhibit No.2
- (5) SML Rebuttal Exhibit No.2
- (6) SML Rebuttal Exhibit No.4
- (7) SML Rebuttal Exhibit No. 11 & No. 12
- (8) SML Rebuttal Exhibit No. 10
- (9) SML Rebuttal Exhibit No. 9
- (10) SML Rebuttal Exhibit No. 8 - Proposed Revenue Adjustment
- (11) Based on .7756% of proposed revenues
- (12) SML Rebuttal Exhibit No. 6
- (13) SML Rebuttal Exhibit No. 5
- (14) KEW Rebuttal Exhibit No. 2

Carolina Water Service, Inc.
Additional Employee Adjustment
Test Year Ended June 30, 2004

SML Rebuttal Exhibit No. 2

	Total Annual Salary	FICA 7.65%	FUTA 7,000 @ .8%	SUTA 7,000@1.1%	Total Taxes	Pension at 3%	401(k) at 4%	Health Insurance	2003 Other	Total Benefits
Operators to be hired										
New Employee No. 1	23,005	1,760	56	77	1,893	499	660	5,350	352	6,861
New Employee No. 2	23,005	1,760	56	77	1,893	499	660	5,350	352	6,861
Project Manager	19,080	1,460	24	33	1,516	175	232	2,268	149	2,825
	<u>\$ 65,090</u>	<u>\$ 4,980</u>	<u>\$ 136</u>	<u>\$ 187</u>	<u>\$ 5,302</u>	<u>\$ 1,173</u>	<u>\$ 1,553</u>	<u>\$ 12,968</u>	<u>\$ 853</u>	<u>\$ 16,548</u>

	To Be Hired	Total	Water	Sewer
Salaries - Per CWS	<u>\$ 65,090</u>	<u>\$ 65,090</u>		
Salaries - Per ORS	<u>-</u>	<u>-</u>		
Adjustment	65,090	65,090	24,057	41,033
Taxes - Per CWS	5,302	\$ 5,302		
Taxes - Per ORS	<u>-</u>	<u>-</u>		
Adjustment	5,302	5,302	1,960	3,343
Benefits - Per CWS	16,548	\$ 16,548		
Benefits - Per ORS	<u>-</u>	<u>-</u>		
Adjustment	16,548	16,548	6,116	10,432

Items	ORS		CWS		Adjustment	
	Water	Sewer	Water	Sewer	Water	Sewer
Purchased Power - Adj. 3	-	-	3,928	14,145	3,928	14,145
Maintenance & Repair - Adj. 4	-	-	5,450	64,647	5,450	64,647
Maintenance Testing - Adj. No. 5	-	-	226	1,601	226	1,601
Meter Reading - Adj. 6	-	-	1,779	-	1,779	-
Chemicals - Adj. 7	-	-	3,405	5,807	3,405	5,807
Outside Services - Other - Adj. 9	-	-	2,072	3,535	2,072	3,535
Total Operation & Maintenance	-	-	16,859	89,734	16,859	89,734
Office Supplies and Other - Adj. 13	-	-	2,629	4,484	2,629	4,484
Rent Exp. - Adj. 14	-	-	55	93	55	93
Insurance - Adj. 15	-	-	2,359	4,024	2,359	4,024
Office Utilities - Adj. 16	-	-	1,041	1,776	1,041	1,776
Miscellaneous - Adj. 17	-	-	764	1,304	764	1,304
Total General & Administrative	-	-	6,848	11,681	6,848	11,681

Note: The inflation adjustment is based on the average compounded [4.275%] increase in the CPI.

Carolina Water Service, Inc.
Vehicle Expense
Test Year Ended June 30, 2004

SML Rebuttal Exhibit No. 4

Transportation Cost	(1)	\$	63,939
Number of Vehicles as of 6/30/04	(2)		18
Cost per Vehicle	(3)	\$	3,552
New Employees	(4)		7
Total Additional Transportation Cost	(5)		24,865
Transportation Expense Adj - Water	(6)		9,200
Transportation Expense Adj - Sewer	(7)		15,665

Footnotes:

- (1) Per CWS 6/30/04 trial balance
- (2) Per KEW Rebuttal Exhibit No. 2-3/2
- (3) 1/2
- (4) Employees required to comply with daily checking
- (5) 3*4
- (6) 5 * 37%
- (7) 5 * 63%

Carolina Water Service, Inc.
Computation of Income Taxes
Test Year Ended June 30, 2004

SML Rebuttal Exhibit No. 5

	<u>Combined</u>	<u>Water</u>	<u>Sewer</u>
Operating Revenues After Proposed Increase	\$ 7,259,309	\$ 1,944,842	\$ 5,314,467
Operating Expenses After Proposed Increase	<u>5,468,076</u>	<u>1,507,983</u>	<u>3,960,093</u>
Net Operating Income Before Taxes	1,791,232	436,859	1,354,373
Less: Annualized Interest Expense	<u>673,705</u>	<u>175,596</u>	<u>498,109</u>
Taxable Income - State	1,117,527	261,263	856,264
State Income Tax @ 5%	55,876	13,063	42,813
Taxable Income - Federal	1,061,651	248,200	813,451
Federal Income Tax @ 34%	360,961	84,388	276,573
Total State & Federal Income Tax	416,838	97,451	319,387

Carolina Water Service, Inc.

SML Rebuttal Exhibit No. 6

Computation of Taxes Other Than Income [Excluding Payroll Taxes]

Test Year Ended June 30, 2004

	<u>Combined</u>	<u>Water</u>	<u>Sewer</u>
Operating Revenues - Proposed Increase	\$ 1,597,120	\$ 91,770	\$ 1,505,350
PSC & ORS Factor [.007733226]	12,351	710	11,641
Department of Revenue [.003]	<u>4,791</u>	<u>275</u>	<u>4,516</u>
Total	\$ 17,142	\$ 985	\$ 16,157

Carolina Water Service, Inc.
Customer Growth Analysis
Test Year Ended June 30, 2004

SML Rebuttal Exhibit No. 7

			<u>Growth Factor</u>	<u>After Proposed Increase</u>
<u>Water Operations</u>				
Number of Customers	31-Dec-03	5,733		
Number of Customers	31-Mar-05	6,011		
Average		5,872	2.37%	
Net Operating Income				339,408
Growth Factor				<u>2.37%</u>
Growth Adjustment				\$ 8,034
<u>Sewer Operations</u>				
Number of Customers	31-Dec-03	9,779		
Number of Customers	31-Mar-05	10,121		
Average		9,950	1.72%	
Net Operating Income				1,034,987
Growth Factor				<u>1.72%</u>
Growth Adjustment				\$ 17,787

Carolina Water Service of South Carolina
Test Year Ended June 30, 2004
TEST YEAR / PRESENT REVENUES

SML Rebuttal Exhibit No. 8
Page 1 of 4

WATER

Bill codes by area		Gallorage	Usage Charge	Units	Base Facility Charge	Revenues
30001	5/8" Res Water	99,748,350	\$ 3.24	16,598	\$ 10.00	\$ 489,167
30002	5/8" Res Water Dist	188,741,828	1.85	31,772	10.00	666,896
30003	5/8" Res. Under Const.	57,710	3.24	12	10.00	307
30006	5/8" Res Water (per unit)	13,306,880	1.85	2,496	10.00	49,578
30008	5/8" Coml Water Dist	2,593,505	1.85	285	10.00	7,648
30009	5/8" Coml Water	640,980	3.24	117	10.00	3,247
30010	1" Coml Water	14,950	3.24	12	25.00	348
30011	1" Coml Water Dist	1,501,120	1.85	27	25.00	3,452
30016	2" Coml Water Dist	6,189,590	1.85	71	80.00	17,131
30017	3" Coml Water Dist	1,695,600	1.85	12	160.00	5,057
46001	5/8" Res Water	101,366,139	1.85	18,778	10.00	375,307
46005	2" Res Water	17,509,290	1.85	7,680	10.00	109,192
46006	5/8" Res Flat Rate	0	1.85	12	10.00	120
46009	5/8" Coml Water	6,733,200	1.85	668	10.00	19,136
46010	1" Coml Water	3,457,146	1.85	180	25.00	10,896
46012	1.5" Coml Water	5,666,700	1.85	125	50.00	16,733
46013	2" Coml Water	14,865,970	1.85	237	80.00	46,462
46014	3" Coml Water	4,276,500	1.85	48	160.00	15,592
Total		468,365,458		79,131		1,836,269

per t/b	\$	1,820,651
difference \$	\$	15,619
difference %		0.86%

Carolina Water Service of South Carolina
PROPOSED REVENUES

SML Rebuttal Exhibit No. 8
Page 2 of 4

WATER

Bill code		Gallonage	Usage Charge	Units	Base Facility Charge	Revenues
<u>All Subs:</u>						
30001	5/8" Res Water	102,109,559	3.32	16,991	10.25	\$ 513,163
30002	5/8" Res Water Dist	193,209,661	1.90	32,524	10.25	700,474
30003	5/8" Res. Under Const.	59,076	3.32	12	10.25	322
30006	5/8" Res Water (per unit)	13,621,876	1.90	2,555	10.25	52,071
30008	5/8" Coml Water Dist	2,654,898	1.90	292	10.25	8,035
30009	5/8" Coml Water	656,153	3.32	120	10.25	3,406
30010	1" Coml Water	15,304	3.32	12	25.62	366
30011	1" Coml Water Dist	1,536,654	1.90	28	25.62	3,628
30016	2" Coml Water Dist	6,336,108	1.90	73	82.00	17,998
30017	3" Coml Water Dist	1,735,738	1.90	12	164.00	5,312
46001	5/8" Res Water	103,765,644	1.90	19,223	10.25	394,185
46005	2" Res Water	17,923,764	1.90	7,862	10.25	114,639
46006	5/8" Res Flat Rate	0	0.00	12	10.25	126
46009	5/8" Coml Water	6,892,586	1.90	684	10.25	20,105
46010	1" Coml Water	3,538,982	1.90	184	25.62	11,445
46012	1.5" Coml Water	5,800,840	1.90	128	51.25	17,579
46013	2" Coml Water	15,217,872	1.90	243	82.00	48,808
46014	3" Coml Water	4,377,732	1.90	49	164.00	16,376
Total		479,452,447		81,004		\$ 1,928,039

Note: The increase in gallons and units are based on an anticipated customer growth 2.37%.
See SML Rebuttal Exhibit No. 7

Carolina Water Service of South Carolina
Test Year Ended June 30, 2004
TEST YEAR / PRESENT REVENUES

SML Rebuttal Exhibit No. 8
Page 3 of 4

SEWER

Bill code

All Subs:

		Units	Rate	Revenues
29521	Residential Sewer	1,249	\$ 30.33	\$ 37,875
30021	5/8" Res Sewer	47,326	30.33	1,435,384
30023	2" Commercial-per SFE	2,064	30.33	62,593
30024	5/8" Res Sewer Collection	6,177	19.38	119,705
30029	VanArsdale Subdivision	4,944	11.00	54,384
30041	5/8" Res Sewer	48,458	28.86	1,398,505
30042	5/8" Mobile Home Sewer	1,235	21.64	26,716
30043	5/8" Coml Sewer-per SFE	1,070	28.86	30,880
46021	5/8" Res Sewer	25,300	19.38	490,305
46023	5/8" Coml Sewer Collection-per SFE	6,088	19.38	117,981
Total		143,909		\$ 3,774,328

per t/b	\$ 3,760,081
difference \$	\$ 14,247
difference %	0.38%

Carolina Water Service of South Carolina
PROPOSED REVENUES

SML Rebuttal Exhibit No. 8

Page 4 of 4

SEWER

Bill code

All Subs:

		Units	Rate	Revenues
29521	Residential Sewer	1,270	40.37	\$ 51,278
30021	5/8" Res Sewer	48,139	40.37	1,943,329
30023	2" Commercial-per SFE	2,099	40.37	84,743
30024	5/8" Res Sewer Collection	6,283	25.79	162,066
30029	VanArsdale Subdivision	4,944	29.28	144,770
30041	5/8" Res Sewer	49,291	40.37	1,989,842
30042	5/8" Mobile Home Sewer	1,256	28.80	36,170
30043	5/8" Coml Sewer-per SFE	1,088	40.37	43,937
46021	5/8" Res Sewer	25,734	25.79	663,812
46023	5/8" Coml Sewer Collection-per SFE	6,192	25.79	159,731
Total		145,027		\$ 5,279,678

Note: The increase in gallons and units are based on an anticipated customer growth 1.72%.
See SML Rebuttal Exhibit No. 7

Carolina Water Service, Inc.
 Computation of Operating Expenses Charged to Plant
 Test Year Ended June 30, 2004

SML Rebuttal Exhibit No. 9

	<u>Co. 070</u>		
FICA	\$	51,597	(1)
FUTA		1,191	(1)
SUTA		1,964	(1)
Pension		14,954	(1)
401K		20,084	(1)
Health Ins.		98,114	(1)
Other		6,454	(1)
Salaries		756,848	(2)
Total	\$	951,206	(3)
Op. Exp. Charged to Plant	\$	267,522	(2)
Percentage		28.12%	(4)

	<u>Water</u>		<u>Sewer</u>	
As Adjusted Salary & Wages for Operators Only	354,617	(5)	604,697	
As Adjusted Pension & Benefits for Operators Only	102,735	(6)	185,185	
Total Basis for Calculating Expenses Charged to Plant	457,353		789,882	
Percentage	28.12%		28.12%	
Operating Expenses Charged to Plant	\$	128,628	\$	222,150

Footnotes

- (1) SE50 - Allocation Book
- (2) Company's Per Book
- (3) Total of all related salaries & benefits
- (4) 2/3
- (5) SML Rebuttal Exhibit No. 1-1 & 1-2
- (6) SML Rebuttal Exhibit 2 plus ORS salary workpaper [37% for water & 63% for wastewater]

Carolina Water Service, Inc.
Rate Case Expense
Test Year Ended June 30, 2004

SML Rebuttal Exhibit No. 10

					Costs to Date	Costs to Complete	Total Costs
Legal Fees					67,409	17,591	85,000
Original Customer Notices:							
Postage	12,886	=	customers x \$0.34		4,381		4,381
Copying					1,217		1,217
Night Hearing Notices:							
Postage	12,886	=	customers x \$0.34		4,381		4,381
Copying					399		399
Final Notices:							
Postage	12,886	=	customers x \$0.34			4,381	4,381
Stock	12,886	=	notices x (.0526)			69	69
Travel [5/4 Hearing]	Personnel	Cost	# of Trips/ Nights				
Airfare	2	275	1			550	550
Rental Car	1	255	1			255	255
Hotel	2	153	3			917	917
Meals	2	25	12			600	600
FedEx					278	41	319
Travel [ORS Meeting]					1,487		1,487
WSC Personnel	Hours	Rate	\$				
DAB	447	\$ 35	15,645				
KEW	344	36	12,384				
SWD	69	28	1,932				
SML	240	73	17,520				
Total					47,481		47,481
KEW	45	36	1,620				
SWD	20	28	560				
SML	45	73	3,285				
Total						5,465	5,465
Cost of Capital Witness [AUS]					12,450	2,550	15,000
Total Cost of current case					139,483	32,419	171,902
Amortized over 3 years					3	Water \$ 21,201	Sewer \$ 36,099

Carolina Water Service, Inc.
Rate Case Expense
Test Year Ended June 30, 2004

SML Rebuttal Exhibit No. 10-1

Rate Case Expense Invoices

YEAR TO DATE SUMMARY				6/30/05		12/31/05		TOTAL
<i>TIMESHEET FOR: Kirsten Weeks</i>								
	0							
	0	0	0	0		0		0
070 - 2005 CWS of SC Rate Case		0	0	344		0		344

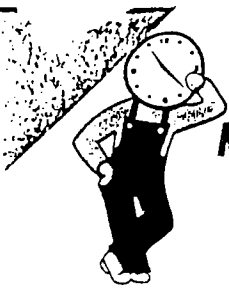
YEAR TO DATE SUMMARY				6/30/2005		12/31/2005		TOTAL
TIMESHEET FOR: Steven M. Lubertozzi								
0								
0	0	0		0		0		0
070 - CWS of SC 2003 Rate C	0	0		202		0		202

YEAR TO DATE SUMMARY			6/30/2004	12/31/2004	TOTAL
TIMESHEET FOR: Steven Lubertozi					
0					
CWS of SC 2003 Rate Case	0	0	0	38	38

YEAR TO DATE SUMMARY		6/30/05	12/31/05	TOTAL
TIMESHEET FOR: Steven Dihel				
CWS of SC	0	0	69	0
				69

YEAR TO DATE SUMMARY		6/30/05	12/31/05	TOTAL
TIMESHEET FOR: Dan Baratz				
CWS of SC Rate Case	0	0	52	0
				52

YEAR TO DATE SUMMARY		6/30/04	12/31/04	TOTAL
TIMESHEET FOR: Dan Baratz				
070 - CWS of SC	0	0	7	388
				395



**MINUTEMAN
PRESS®**

Invoice

115113

3482 Milwaukee Ave.
Northbrook, IL 60062
Phone: 847-824-1070
FAX: 847-824-7993

Utilities, Inc.
2335 Sanders Rd.
Northbrook, IL 60062

Phone: 847-498-6440
Fax: 847-498-2066
Salesperson: Ronald Brannon

Invoice Number: 9630
Invoice Date: 02/09/2005

OK
02/10/05
[Signature]

WE ACCEPT VISA, MASTER CARD, DISCOVER, AND AMEX

DIGITAL PRINTING IN BOTH COLOR AND BLACK AND WHITE
e-mail files to mmp3482mil@aol.com
Check out our NEW website-www.nbroom.minutemanpress.com
Earn up to \$20 by referring another business

33600 Carolina Water Service Notice (Order #14497) 1217.11 2

Balance Due \$ 1217.11

070-0298-1863014

Terms: Your business is appreciated.
1.50% interest per month on past-due invoices.

Thank you,
Minuteman Press: _____



**MINUTEMAN
PRESS®**

I n v o i c e

715113

3482 Milwaukee Ave.
Northbrook, IL 60062
Phone: 847-824-1070
FAX: 847-824-7993

Utilities, Inc.
2335 Sanders Rd.
Northbrook, IL 60062

Phone: 847-498-6440
Fax: 847-498-2066
Salesperson: Ronald Brannon

OK
03/30/05
[Signature]

Invoice Number: 9736
Invoice Date: 03/30/2005

WE ACCEPT VISA, MASTER CARD, and DISCOVER

DIGITAL PRINTING IN BOTH COLOR AND BLACK AND WHITE
e-mail files to mmp3482mil@aol.com
Check out our website-www.nbbrook.minutemanpress.com

1900 copies of Carolina Water Service Notice (Order #14661) ... 133.00

Balance Due

\$ 133.00
2

070-0298-1863014

Terms: Net 30 days.
Your business is appreciated.
1.50% interest per month on past-due invoices.

Thank you,
Minuteman Press: _____

ATTORNEYS & COUNSELORS AT LAW
1022 CALHOUN STREET (SUITE 302)
P.O. BOX 8416
COLUMBIA, SOUTH CAROLINA 29202-8416

**MITCHELL M. WILLOUGHBY
JOHN M.S. HOEFER
ELIZABETH ZECK*
PAIGE J. GOSSETT
RANDOLPH R. LOWELL
K. CHAD BURGESS
NOAH M. HICKS II****

*ALSO ADMITTED IN TX
**ALSO ADMITTED IN VA

AREA CODE 803
TELEPHONE 252-3300
TELECOPIER 256-8062

v 5515

CAROLINA WATER SERVICE, INC.
2335 Sanders Road
Northbrook IL 60062

~~PAGE: 1~~

03/16/2005

ACCOUNT NO: 10-07M/36
STATEMENT NO: 36

RE: Rate Case - *twsgsc*

BALANCE BROUGHT FORWARD

\$1,250.00

02/03/2005 JH

HOURS

2.80

02/18/2005 JH

0.20

02/23/2005 JH

3.00

02/24/2005 JH

1.70

02/28/2005 JH

RATES: Mitchell Willoughby: \$300.00 per hour; John M. S. Hoefer: \$250.00 per hour; Elizabeth Zeck and Paige J. Gossett: \$225.00 per hour; Randolph R. Lowell: \$200 per hour; K. Chad Burgess & Noah M. Hicks II: \$175.00 per hour

H. 3,860.99

070-0298-1863013

2

NCOLINA WATER SERVICE, INC.

RE: Rate Case

PAGE: 2
03/16/2005
ACCOUNT NO: 10-07M
STATEMENT NO: 36

	<u>HOURS</u>	
_____	<u>0.30</u>	
_____	8.00	<u>2,000.00</u>
TOTAL FEES		

In-office photocopies, postage charges:	21.04
Long Distance Telephone and Telecopier Charges:	4.50
Paralegal's Time	
(4.1 hrs. @ \$70.00)	<u>287.00</u>
TOTAL EXPENSES THROUGH 02/28/2005	<u>312.54</u>

Publication costs:	<u>1,548.45</u>
TOTAL ADVANCES THROUGH 02/28/2005	<u>1,548.45</u>
TOTAL STATEMENT CHARGES:	3,860.99

03/10/2005	Payment - thank you!	-1,250.00
------------	----------------------	-----------

BALANCE DUE	<u>\$3,860.99</u>
-------------	-------------------



UTILITIES, INC.

BUSINESS EXPENSE REPORT

CWS of SC - 2004 Rate Case

NAME: Steven M. Lubertozzi

FROM: 3/4/2005 **TO:** 3/15/2005

EXP/RC/3/05

[illegible]

Signature

Date: March 17, 2005

Invoice Number: 5-385-31951

Invoice Date: Feb 23, 2005

Account Number: 0606-2634-0

Page: 37 of 58

Express Shipment Detail By Reference (Original)

up: Feb 07, 2005

Payor: Shipper

Reference: 070-CUS RC

0298 1863615

Fuel Surcharge - FedEx has applied a fuel surcharge of 7.50% to this shipment.

Distance Based Pricing, Zone 5

Tracking ID 849000582901
Service Type FedEx Priority Overnight
Package Type FedEx Box
Zone 5
Packages 1
Weight 6.0 lbs, 2.7 kgs
Delivered Feb 08, 2005 09:12
Svc Area A1
Signed by J.HARVIN
FedEx Use 038182700/0000015/

Sender
DANIEL BARATZ
UTILITIES INC
2335 SANDERS RD
NORTHBROOK IL 60062-6196 US

Recipient
MR JAY R JASHIURSKY
OFFICE OF REGULATORY STAFF
1441 MAIN ST THIRD FL
COLUMBIA SC 29201 US

Transportation Charge

41.50

Fuel Surcharge

2.58

Discount

-7.06

Total Charge

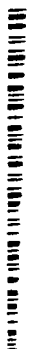
USD \$

37.02

Shipment Detail Subtotal

USD \$

37.02





Invoice Number:

Invoice Date:

Account Number:

Page:

Page 38 of 38

FedEx Express Shipment Detail By Reference (Original)

Picked up: Feb 08, 2005

Payor: Shipper

Reference: 070-CWS RC 0298 186-2015 ✓

- Fuel Surcharge - FedEx has applied a fuel surcharge of 7.50% to this shipment.
- Distance Based Pricing, Zone 5
- FedEx has audited this shipment for correct packages, weight, and service. Any changes made are reflected in the invoice amount.

Tracking ID 849000582897
Service Type FedEx Standard Overnight
Package Type Customer Packaging
Zone 5
Packages 1
Weight 10.0 lbs, 4.5 kgs
Delivered Feb 09, 2005 08:51
Svc Area A1
Signed by J.HARRISON
FedEx Use 039182910/0000013/

Sender
DANIEL BARATZ
UTILITIES INC
2335 SANDERS RD
NORTHBROOK IL 60062-6196 US

Recipient
MR JAY R JASHINSKY
OFFICE OF REGULATORY STAFF
1441 MAIN ST THIRD FL
COLUMBIA SC 29201 US

Transportation Charge	47.00
Discount	-7.99
Fuel Surcharge	2.93
Total Charge	USD \$ 41.94

Shipment Detail Subtotal **USD \$ 41.94**

WILLOUGHBY & HOEFER, P.A.

ATTORNEYS & COUNSELORS AT LAW
1022 CALHOUN STREET (SUITE 302)
P.O. BOX 8416
COLUMBIA, SOUTH CAROLINA 29202-8416

AREA CODE 803
TELEPHONE 252 - 3300
TELECOPIER 256 - 8062

WILL M. WILLOUGHBY
JOHN M.S. HOEFER
ELIZABETH ZECK*
PAIGE J. GOSSETT
RANDOLPH R. LOWELL
K. CHAD BURGESS
NOAH M. HICKS II**

*ALSO ADMITTED IN TX
**ALSO ADMITTED IN VA

CAROLINA WATER SERVICE, INC.
2335 Sanders Road
Northbrook IL 60062

PAGE: 1
01/19/2005
ACCOUNT NO: 10-07M 34
STATEMENT NO: 34

RE: Rate Case - CWS & SC

FOR PROFESSIONAL SERVICES RENDERED:

BALANCE BROUGHT FORWARD

\$1,382.88

12/02/2004 JH

[REDACTED]

same

HOURS

1.90

12/16/2004 JH

[REDACTED]

3.60

12/17/2004 JH

[REDACTED]

\$2,902.07

070-0298-1863013

RATES: Mitchell Willoughby: \$300.00 per hour; John M. S. Hoefer: \$250.00 per hour;
Elizabeth Zeck: and Paige J. Gossett: \$225.00 per hour; Randolph R. Lowell: \$200 per hour;
K. Chad Burgess & Noah M. Hicks II: \$175.00 per hour

Invoice Number: 5-385-31951

Invoice Date: Feb 23, 2005

Account Number: 0606-2634-0

Page: 39 of 58

Express Shipment Detail By Reference (Original)

Shipped up: Feb 14, 2005

Payor: Shipper

Reference: 070-CWS-RL 0298 1863015

- Fuel Surcharge - FedEx has applied a fuel surcharge of 7.50% to this shipment.
- Distance Based Pricing, Zone 5
- FedEx has audited this shipment for correct packages, weight, and service. Any changes made are reflected in the invoice amount.

Tracking ID 849000582408
Service Type FedEx Priority Overnight
Package Type FedEx Pak
Zone 5
Packages 1
Weight 1.0 lbs. 0.5 kgs
Delivered Feb 15, 2005 09:07
Svc Area A1
Signed by J.HARVIN
FedEx Use 045230890/0000015/

Sender
DANIEL BARATZ
UTILITIES INC
2335 SANDERS RD
NORTHBROOK IL 60062-6196 US

Recipient
SHARON SCOTT
OFFICE OF REGULATORY STAFF
1441 MAIN ST THIRO FLOOR
COLUMBIA SC 29201 US

Transportation Charge	26.50
Discount	-4.51
Fuel Surcharge	1.65
Total Charge	USD \$ 23.64

Shipment Detail Subtotal **USD \$ 23.64**

WILLOUGHBY & HOEFER, P.A.

ATTORNEYS & COUNSELORS AT LAW
1022 CALHOUN STREET (SUITE 302)
P.O. BOX 8416
COLUMBIA, SOUTH CAROLINA 29202-8416

MITCHELL M. WILLOUGHBY
JOHN M.S. HOEFER
ELIZABETH ZECK*
PAIGE J. GOSSETT
RANDOLPH R. LOWELL
K. CHAD BURGESS
NOAH M. HICKS II**

*ALSO ADMITTED IN TX
**ALSO ADMITTED IN VA

AREA CODE 803
TELEPHONE 252-3300
TELECOPIER 256-8062

v 5515

CAROLINA WATER SERVICE, INC.
2335 Sanders Road
Northbrook IL 60062

PAGE: 1
02/15/2005
ACCOUNT NO: 10-07M/3
STATEMENT NO: 35

RE: Rate Case

FOR PROFESSIONAL SERVICES RENDERED:

BALANCE BROUGHT FORWARD

\$2,902.07

01/04/2005 JH

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

HOURS

2.60

01/11/2005 JH

[REDACTED]
[REDACTED]

0.50

01/12/2005 JH

[REDACTED]
[REDACTED]

0.50

01/13/2005 JH

[REDACTED]
[REDACTED]
[REDACTED]

0.40

01/26/2005 JH

[REDACTED]

1.00

TOTAL FEES

5.00 1,250.00

TOTAL STATEMENT CHARGES:

1,250.00

070-0298-1863013

2

RATES: Mitchell Willoughby: \$300.00 per hour; John M. S. Hoefer: \$250.00 per hour;
Elizabeth Zeck and Paige J. Gossett: \$225.00 per hour; Randolph R. Lowell: \$200 per hour;
K. Chad Burgess & Noah M. Hicks II: \$175.00 per hour

V 5515

AREA CODE 803
TELEPHONE 252 - 3300
TELECOPIER 256 - 8062

*ALSO ADMITTED IN TX
**ALSO ADMITTED IN VA

PAGE: 1
01/19/2005
ACCOUNT NO: 10-07M/3
STATEMENT NO: 34

FOR PROFESSIONAL SERVICES RENDERED:

\$1,382.88

same

HOURS

1.90

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] removed from [REDACTED] tables in

[REDACTED]

[REDACTED] of increased [REDACTED]

[REDACTED] many revisions to [REDACTED]

[REDACTED]

3.60

[REDACTED]

\$ 2,902.07
(2)

070-0298-1863013

RATES: Mitchell Willoughby: \$300.00 per hour; John M. S. Hoefler: \$250.00 per hour; Elizabeth Zeck: and Paige J. Gossett: \$225.00 per hour; Randolph R. Lowell: \$200 per hour; K. Chad Burgess & Noah M. Hicks II: \$175.00 per hour

Rate Case

small water charge increase

HOURS
4.70

2/29/2004 JH

TOTAL FEES

0.40
10.60 2,650.00

In-office photocopies, postage charges:

252.07

TOTAL EXPENSES THROUGH 12/31/2004

252.07

TOTAL STATEMENT CHARGES:

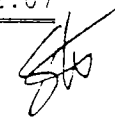
2,902.07

01/11/2005

Payment - thank you!

-1,382.88

BALANCE DUE

\$2,902.07


AUS

V11821

Utility Services Group
AUS Consultants
155 Gaither Drive
PO Box 1050
Moorestown, NJ 08057-1050
856 234 9200

Invoice Number	092942
Invoice Date	December 17, 2004
PO Number	
Contract	ROR
Project	50-1114
Page	1
Incorporated	FID# 22-1943906
www.ausinc.com	
Consultant:	
PAULINE M. AHERN	
PAHERN@AUSINC.COM	

Steve Lubertozzi
Carolina Water Svc-S. Carolina
c/o Utilities Inc.
2335 Sanders Road
Northbrook, IL 60062

Professional Services

10,000.00

Invoice Total

10,000.00

2

Please make check payable to:
Utility Services Group
P.O. Box 1050
Moorestown, NJ 08057-1050

Invoice due upon presentation

50CAR04

070 - 0298 - 1863014

-BH

WILLOUGHBY & HOEFER, P.A.

ATTORNEYS & COUNSELORS AT LAW
1022 CALHOUN STREET (SUITE 302)
P.O. BOX 8416
COLUMBIA, SOUTH CAROLINA 29202-8416

AREA CODE 803
TELEPHONE 252-3300
TELECOPIER 253-8062

M. WILLOUGHBY
M.S. HOEFER
ELIZABETH ZECK*
PAIGE J. GOSSETT
RANDOLPH R. LOWELL
K. CHAD BURGESS
NOAH M. HICKS II**

*ALSO ADMITTED IN TX
**ALSO ADMITTED IN VA

CAROLINA WATER SERVICE, INC.
Utilities, Inc.
2335 Sanders Road
Northbrook IL 60062

PAGE: 1
10/21/2004
ACCOUNT NO: 10-000
STATEMENT NO: 85

RE: General :

FOR PROFESSIONAL SERVICES RENDERED:

BALANCE BROUGHT FORWARD

\$2,000.00

		HOURS	
09/09/2004 JH	[REDACTED]	WS FSC	
	[REDACTED]	Rate Case	
	[REDACTED]	2.10	85
09/16/2004 JH	[REDACTED]		
	[REDACTED]	1.50	
TOTAL FEES		3.60	900.00

In-office photocopies, postage charges:	4.00
Long Distance Telephone and Telecopier Charges:	9.98
TOTAL EXPENSES THROUGH 09/30/2004	13.98

[REDACTED]	2,000.00
TOTAL ADVANCES THROUGH 09/30/2004	2,000.00

RATES: Mitchell Willoughby: \$300.00 per hour; John M. S. Hoefer: \$250.00 per hour;
Elizabeth Zeck: and Paige J. Gossett: \$225.00 per hour; Randolph R. Lowell: \$200 per hour;
K. Chad Burgess & Noah M. Hicks II: \$175.00 per hour



Invoice Number: 7-818-17562
Invoice Date: Oct 28, 2004
Account Number: 0606-2634-0
Page: 39 of 82

FedEx Express Shipment Detail By Reference (Original)

Picked up: Oct 14, 2004

Payor: Shipper

Reference: 070-CWS RC/071-USSRC

175 014

- Fuel Surcharge - FedEx has applied a fuel surcharge of 9.50% to this shipment.
- Distance Based Pricing, Zone 5

3293

1303

7.12

0.15

Tracking ID 846436545818
Service Type FedEx Priority Overnight
Package Type FedEx Envelope
Zone 5
Packages 1
Weight N/A
Delivered Oct 15, 2004 09:45
Svc Area A2
Signed by K.HANSEN
FedEx Use 288206810/0000002/

Sender
DANIEL A BARATZ
UTILITIES INC
2335 SANDERS RD
NORTHBROOK IL 60062-6196 US

Recipient
PAULINE AHERN
AUS CONSULTANTS
155 GAITHER DR
MOUNT LAUREL NJ 08054 US

Transportation Charge
Fuel Surcharge
Discount

16

1

-3

Total Charge

USD \$

14

Shipment Detail Subtotal USD \$

14.1

WILLOUGHBY & HOEFER, P.A.

ATTORNEYS & COUNSELORS AT LAW
1022 CALHOUN STREET (SUITE 302)
P.O. BOX 8416
COLUMBIA, SOUTH CAROLINA 29202-8416

MITCHELL M. WILLOUGHBY
JOHN M.S. HOEFER
ELIZABETH ZECK*
PAIGE J. GOSSETT
RANDOLPH R. LOWELL
K. CHAD BURGESS
NOAH M. HICKS II**

AREA CODE 803
TELEPHONE 252 - 3300
TELECOPIER 256 - 8062

✓5515

*ALSO ADMITTED IN TX
**ALSO ADMITTED IN VA

CAROLINA WATER SERVICE, INC.
2335 Sanders Road
Northbrook IL 60062

PAGE: 1
06/18/2004
ACCOUNT NO: 10-07X/
STATEMENT NO: 32

RE: Rate Case

FOR PROFESSIONAL SERVICES RENDERED:

BALANCE BROUGHT FORWARD \$3,087.44

In-office photocopies, postage charges: 6.40
Paralegal's Time:
(2 Hours at \$70/hr) 140.00
TOTAL EXPENSES THROUGH 05/31/04 146.40
TOTAL STATEMENT CHARGES: 146.40

03/29/04 Payment - thank you! -3,087.44

BALANCE DUE

OK \$146.40
5/10 2

070-0298-1863013

RATES: Mitchell Willoughby: \$300.00 per hour; John M. S. Hoefer: \$250.00 per hour;
Elizabeth Zeck: and Paige J. Gossett: \$225.00 per hour; Randolph R. Lowell: \$200 per hour;
K. Chad Burgess & Noah M. Hicks II: \$175.00 per hour

WILLOUGHBY & HOEFER, P.A.

ATTORNEYS & COUNSELORS AT LAW
1022 CALHOUN STREET (SUITE 302)
P.O. BOX 8416
COLUMBIA, SOUTH CAROLINA 29202-8416

MITCHELL M. WILLOUGHBY
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ELIZABETH ZECK*
PAIGE J. GOSSETT
RANDOLPH R. LOWELL
K. CHAD BURGESS
NOAH M. HICKS II**

AREA CODE 803
TELEPHONE 252 - 3300
TELECOPIER 256 - 8062

✓ 5515

*ALSO ADMITTED IN TX
**ALSO ADMITTED IN VA

CAROLINA WATER SERVICE, INC.
2335 Sanders Road
Northbrook IL 60062

PAGE: 1
03/10/2004
ACCOUNT NO: 10-07M
STATEMENT NO: 31

RE: Rate Case

FOR PROFESSIONAL SERVICES RENDERED:

070-0298-1863013

BALANCE BROUGHT FORWARD

\$2,731.39

	<u>HOURS</u>
02/03/04 JH [REDACTED]	5.30
02/04/04 JH [REDACTED]	3.90
02/05/04 JH [REDACTED]	4.80
02/06/04 JH [REDACTED]	1.90
02/09/04 JH [REDACTED]	0.50
TOTAL FEES	16.40
	3,034.00

In-office photocopies, postage charges: 53.21
Long Distance Telephone and Telecopier Charges: 0.23

TOTAL EXPENSES THROUGH 02/29/04 53.44

TOTAL STATEMENT CHARGES:

3,087.44

21

RATES: Mitchell Willoughby: \$210.00 per hour; John M. S. Hoefer: \$185.00 per hour;
Elizabeth Zeck: \$155.00 per hour; Paige J. Gossett: \$110.00 per hour;
Randolph R. Lowell & K. Chad Burgess: \$125.00 per hour; & Noah M. Hicks II \$175.00 per hour

WILLOUGHBY & HOEFER, P.A.

ATTORNEYS & COUNSELORS AT LAW
1022 CALHOUN STREET (SUITE 302)
P.O. BOX 8416
COLUMBIA, SOUTH CAROLINA 29202-8416

MITCHELL M. WILLOUGHBY
JOHN M.S. HOEFER
ELIZABETH ZECK*
PAIGE J. GOSSETT
RANDOLPH R. LOWELL
K. CHAD BURGESS
NOAH M. HICKS II**

*ALSO ADMITTED IN TX
**ALSO ADMITTED IN VA

AREA CODE 803
TELEPHONE 252-3300
TELECOPIER 256-8062

CAROLINA WATER SERVICE, INC. *of SC.*
2335 Sanders Road
Northbrook IL 60062

V5515

PAGE: 1
02/12/2004
ACCOUNT NO: 10-078
STATEMENT NO: 35

RE: Rate Case

FOR PROFESSIONAL SERVICES RENDERED:

BALANCE BROUGHT FORWARD

\$2,462.00

	<u>HOURS</u>	
01/05/04 JH [REDACTED]	2.50	
01/06/04 JH [REDACTED]	4.30	
01/07/04 JH [REDACTED]	7.30	
TOTAL FEES	14.10	2,608.50

In-office photocopies, postage charges:

122.89

TOTAL EXPENSES THROUGH 01/31/04

122.89

TOTAL STATEMENT CHARGES:

2,731.39

09/23/03 Payment - thank you!

070-0298-1863013

-2,462.00

RATES: Mitchell Willoughby: \$210.00 per hour; John M. S. Hoefer: \$185.00 per hour;
Elizabeth Zeck: \$155.00 per hour; Paige J. Gossett: \$110.00 per hour;
Randolph R. Lowell & K. Chad Burgess: \$125.00 per hour; & Noah M. Hicks II \$175.00 per hour

Invoice Number: 5-434-71933
 Invoice Date: Mar 24, 2005
 Account Number: 0606-2634-0
 Page: 23 of 43

FedEx Express Shipment Detail By Reference (Original)

Picked up: Mar 17, 2005

Payor: Shipper

Reference: 0298

-1163014

- Fuel Surcharge - FedEx has applied a fuel surcharge of 8.50% to this shipment.
- Distance Based Pricing, Zone 5
- FedEx has audited this shipment for correct packages, weight, and service. Any changes made are reflected in the invoice amount.

Tracking ID 849000582810
 Service Type FedEx Priority Overnight
 Package Type FedEx Envelope
 Zone 5
 Packages 1
 Weight 1.0 lbs, 0.5 kgs
 Delivered Mar 18, 2005 09:29
 Svc Area A1
 Signed by K.KUSA
 FedEx Use 076110510/0000002/

Sender
 STEVE LUBERTOZZI
 UTILITIES INC
 2335 SANDERS RD
 NORTHBROOK IL 60062-6196 US

Recipient
 MR JOHN HOEFER
 WILLOUGHBY & HOERER P A
 1022 CALHOUN ST 302
 COLUMBIA SC 29201 US

Transportation Charge 17.5
 Discount -3.8
 Fuel Surcharge 1.1
Total Charge USD \$ 14.8

Picked up: Mar 17, 2005

Payor: Shipper

Reference: 0298

- Fuel Surcharge - FedEx has applied a fuel surcharge of 8.50% to this shipment.
- Distance Based Pricing, Zone 5
- FedEx has audited this shipment for correct packages, weight, and service. Any changes made are reflected in the invoice amount.

Tracking ID 849000582820
 Service Type FedEx Priority Overnight
 Package Type FedEx Pak
 Zone 5
 Packages 1
 Weight 1.0 lbs, 0.5 kgs
 Delivered Mar 18, 2005 08:46
 Svc Area A1
 Signed by J.HARVIN
 FedEx Use 076110510/0000015/

Sender
 STEVE LUBERTOZZI
 UTILITIES INC
 2335 SANDERS RD
 NORTHBROOK IL 60062-6196 US

Recipient
 JAMES ST JEAN DANIEL SULLIVAN
 STATE OF SOUTH CAROLINA
 1441 MAIN ST 300 OFFICE OF REG
 COLUMBIA SC 29201 US

Transportation Charge 26.50
 Discount -4.51
 Fuel Surcharge 1.87
Total Charge USD \$ 23.86

Shipment Detail Subtotal USD \$ 38.71

Picked up: Mar 11, 2005

Payor: Shipper

Reference: 0298-RC

- Fuel Surcharge - FedEx has applied a fuel surcharge of 8.50% to this shipment.
- Distance Based Pricing, Zone 5
- FedEx has audited this shipment for correct packages, weight, and service. Any changes made are reflected in the invoice amount.

Tracking ID 849000582500
 Service Type FedEx Priority Overnight
 Package Type FedEx Envelope
 Zone 5
 Packages 1
 Weight 1.0 lbs, 0.5 kgs
 Delivered Mar 14, 2005 08:23
 Svc Area A1
 Signed by B.HAAS
 FedEx Use 070186700/0000002/

Sender
 STEVE LUBERTOZZI
 UTILITIES INC
 2335 SANDERS RD
 NORTHBROOK IL 60062-6196 US

Recipient
 MR BRUCE HAAS
 CAROLINA WATER SERVICE INC
 110 QUEEN PKWY
 WEST COLUMBIA SC 29169 US

Transportation Charge 17.55
 Fuel Surcharge 1.16
 Discount -3.86
Total Charge USD \$ 14.85

Shipment Detail Subtotal USD \$ 14.85



Invoice Number: 5-434-7193
Invoice Date: Mar 24, 2005
Account Number: 0606-2634-0
Page: 26 of 43

FedEx Express Shipment Detail By Reference (Original)

Picked up: Mar 16, 2005

Payor: Shipper

Reference: 0673-RC

1833014

- Fuel Surcharge - FedEx has applied a fuel surcharge of 8.50% to this shipment.
- Distance Based Pricing, Zone 5
- FedEx has audited this shipment for correct packages, weight, and service. Any changes made are reflected in the invoice amount.

Tracking ID	849000582555	Sender	Recipient
Service Type	FedEx Priority Overnight	STEVE LUBERTOZZI	MS VALERIE LORD
Package Type	FedEx Envelope	UTILITIES INC	ROSE SUNDSTROM & BENTLEY LLP
Zone	5	2335 SANDERS RD	600 S NORTH LAKE BLVD 160
Packages	1	NORTHBROOK IL 60062-6196 US	ALTAMONTE SPRINGS FL 32701 US
Weight	1.0 lbs, 0.5 kgs		
Delivered	Mar 17, 2005 09:32	Transportation Charge	17.55
Svc Area	A2	Fuel Surcharge	1.15
Signed by	M.PARKS	Discount	-3.35
FedEx Use	075191630/0000002/_		
Total Charge			USD \$ 14.85
Shipment Detail Subtotal			USD \$ 14.85

Picked up: Mar 14, 2005

Payor: Shipper

Reference: 070-0298-2005 RC

1843014

- Fuel Surcharge - FedEx has applied a fuel surcharge of 8.50% to this shipment.
- Distance Based Pricing, Zone 5
- FedEx has audited this shipment for correct packages, weight, and service. Any changes made are reflected in the invoice amount.

Tracking ID	849000582084	Sender	Recipient
Service Type	FedEx Standard Overnight	KIRSTINE WEEKS	SHARON SCOTT
Package Type	FedEx Pak	UTILITIES INC	OFFICE OF REGULATORY STAFF
Zone	5	2335 SANDERS RD	1441 MAIN ST
Packages	1	NORTHBROOK IL 60062-6196 US	COLUMBIA SC 29201 US
Weight	2.0 lbs, 0.9 kgs		
Delivered	Mar 15, 2005 09:12	Transportation Charge	26.25
Svc Area	A1	Discount	-4.46
Signed by	J.HARVIN	Fuel Surcharge	1.95
FedEx Use	073124450/0000013/_		
Total Charge			USD \$ 23.84
Shipment Detail Subtotal			USD \$ 23.84

Picked up: Mar 15, 2005

Payor: Shipper

Reference: 070-0298-2005-RC

- Fuel Surcharge - FedEx has applied a fuel surcharge of 8.50% to this shipment.
- Distance Based Pricing, Zone 5

Tracking ID	849000582073	Sender	Recipient
Service Type	FedEx Standard Overnight	KIRSTEN WEEKS	SHARON SCOTT
Package Type	FedEx Envelope	UTILITIES INC	ORS
Zone	5	2335 SANDERS RD	1441 MAIN ST STE 300
Packages	1	NORTHBROOK IL 60062-6196 US	COLUMBIA SC 29201 US
Weight	N/A		
Delivered	Mar 16, 2005 11:36	Transportation Charge	15.95
Svc Area	A1	Discount	-3.51
Signed by	J.HARVIN	Fuel Surcharge	1.06
FedEx Use	074164410/0000002/_		
Total Charge			USD \$ 13.50
Shipment Detail Subtotal			USD \$ 13.50

Invoice Number: 5-434-71933

Invoice Date: Mar 24, 2005

Account Number: 0606-2634-0

Page: 33 of 43

FedEx Express Shipment Detail By Reference (Original)

Picked up: Mar 11, 2005

Payor: Shipper

Reference: CO 070-RC

0213 - 735014

- Fuel Surcharge - FedEx has applied a fuel surcharge of 8.50% to this shipment.
- Distance Based Pricing, Zone 5
- FedEx has audited this shipment for correct packages, weight, and service. Any changes made are reflected in the invoice amount.

Tracking ID	849000582496	Sender	Recipient	
Service Type	FedEx Priority Overnight	STEVE LUBERTOZZI	MR JOHN HOEFER	
Package Type	FedEx Envelope	UTILITIES INC	WILLOUGHBY & HOEFER	
Zone	5	2335 SANDERS RD	1022 CALHOUN ST 302	
Packages	1	NORTHBROOK IL 60062-6196 US	COLUMBIA SC 29201 US	
Weight	1.0 lbs, 0.5 kgs			
Delivered	Mar 14, 2005 09:38	Transportation Charge		17
Svc Area	A1	Discount		-3
Signed by	K.EDWARDS	Fuel Surcharge		1
FedEx Use	070186700/0000002/			
Total Charge				USD \$ 14

Shipment Detail Subtotal USD \$ 14.

Picked up: Mar 08, 2005

Payor: Shipper

Reference: CORM 070-RC

- Fuel Surcharge - FedEx has applied a fuel surcharge of 8.50% to this shipment.
- Distance Based Pricing, Zone 5
- FedEx has audited this shipment for correct packages, weight, and service. Any changes made are reflected in the invoice amount.
- We calculated your charges based on a dimensional weight of 7.0 lbs., 14" x 10" x 9", divided by 194.

Tracking ID	849000582522	Sender	Recipient	
Service Type	FedEx Priority Overnight	STEVE LUBERTOZZI	MR JOHN HOEFER	
Package Type	Customer Packaging	UTILITIES INC	WILLOUGHBY & HOEFER	
Zone	5	2335 SANDERS RD	1022 CALHOUN ST STE 302	
Packages	1	NORTHBROOK IL 60062-6196 US	COLUMBIA SC 29201 US	
Weight	5.0 lbs, 2.3 kgs			
Delivered	Mar 09, 2005 09:20	Transportation Charge		45.1
Svc Area	A1	Discount		-7.6
Signed by	C.CALDWELL	Fuel Surcharge		3.1
FedEx Use	067182560/0000015/			
Total Charge				USD \$ 40.7

Shipment Detail Subtotal USD \$ 40.7

WILLOUGHBY & HOEFER, P.A.

ATTORNEYS & COUNSELORS AT LAW
1022 CALHOUN STREET (SUITE 302)
P.O. BOX 8416
COLUMBIA, SOUTH CAROLINA 29202-8416

MITCHELL M. WILLOUGHBY
JOHN M.S. HOEFER
ELIZABETH ZECK*
PAIGE J. GOSSETT
RANDOLPH R. LOWELL
K. CHAD BURGESS
NOAH M. HICKS II**

AREA CODE 803
TELEPHONE 252-3300
TELECOPIER 256-8062

*ALSO ADMITTED IN TX
**ALSO ADMITTED IN VA

CAROLINA WATER SERVICE, INC.
2335 Sanders Road
Northbrook IL 60062

PAGE: 1
04/26/2005
ACCOUNT NO: 10-07M
STATEMENT NO: 33

RE: Rate Case

FOR PROFESSIONAL SERVICES RENDERED:

BALANCE BROUGHT FORWARD

\$16,373.90

	<u>HOURS</u>
04/01/2005 JH [REDACTED] [REDACTED] S [REDACTED] [REDACTED] [REDACTED]	6.00
04/03/2005 JH [REDACTED]	4.00
04/04/2005 JH [REDACTED] [REDACTED] [REDACTED] [REDACTED]	7.20
04/05/2005 JH [REDACTED] [REDACTED] [REDACTED]	6.20
04/06/2005 JH [REDACTED] [REDACTED] [REDACTED]	5.90
04/07/2005 JH [REDACTED] [REDACTED] [REDACTED]	1.30

RATES: Mitchell Willoughby: \$300.00 per hour; John M. S. Hoefer: \$250.00 per hour;
Elizabeth Zeck and Paige J. Gossett: \$225.00 per hour; Randolph R. Lowell: \$200 per hour;
K. Chad Burgess & Noah M. Hicks II: \$175.00 per hour

CAROLINA WATER SERVICE, INC.

PAGE: 2

04/26/2005

ACCOUNT NO: 1C-07M

STATEMENT NO: 38

RE: Rate Case

	<u>HOURS</u>
04/11/2005 JH [REDACTED]	2.90
04/12/2005 JH [REDACTED]	4.10
04/13/2005 JH [REDACTED]	0.80
04/14/2005 JH [REDACTED]	2.30
04/15/2005 JH [REDACTED]	6.30
04/18/2005 JH [REDACTED]	6.20
04/20/2005 JH [REDACTED]	6.00
04/21/2005 JH [REDACTED]	13.10

CAROLINA WATER SERVICE, INC.

PAGE: 3

04/26/2005

ACCOUNT NO: 10-07M

STATEMENT NO: 38

RE: Rate Case

HOURS

04/22/2005 JH

CUII

3.50

04/23/2005 JH

9.50

04/24/2005 JH:

7.20

04/25/2005 RRL

6011-1-1-1

wi

7.80

КСВ

5.30

JH

12.00

04/26/2005 JH

T 4

14.00

RRL

6.50

PG

1.03

04/27/2005 JH

10.00

TOTAL FEES

149.10	36,137.50
--------	-----------

CAROLINA WATER SERVICE, INC.

PAGE: 4

04/26/2005

ACCOUNT NO: 10-07M

STATEMENT NO: 38

RE: Rate Case

In-office photocopies, postage charges:	2,487.60
Paralegal's Time	
(12 hrs. @ \$70.00)	<u>840.00</u>
TOTAL EXPENSES	3,327.60
Overnight Express and Delivery Services:	<u>25.00</u>
TOTAL ADVANCES	25.00
TOTAL STATEMENT CHARGES:	39,490.10
BALANCE DUE	<u>\$55,869.00</u>

CAROLINA WATER SERVICE, INC.
DEPRECIATION EXPENSE
FOR THE TEST YEAR ENDED JUNE 30, 2004
COMBINED OPERATIONS

SML REBUTTAL EXHIBIT 11

(a) <u>Item</u>	(b) <u>Amount</u>	(c) <u>Water</u>	(d) <u>Sewer</u>
Gross Plant in Service	38,387,190 (1)	11,896,845	26,490,345
Less:			
Organization	(111,594) (1)	(82,784)	(28,810)
Land	(291,237) (1)	(180,189)	(111,048)
Vehicles	(446,878) (1)	(165,345)	(281,533)
PAA	(482,719) (2)	(217,337)	(265,382)
AIA	(1,600) (2)	(800)	(800)
Removal of Wells	(299,237) (2)	(299,237)	-
Excess Book Value	(924,905) (2)	(274,974)	(649,931)
Total	(2,558,170)	(1,220,667)	(1,337,504)
Net Depreciable Plant	35,829,020	10,676,179	25,152,842
Plant Depreciation at 1.5%	537,435	160,143	377,293
Vehicles	446,878 (1)	165,345	281,533
Fully Depreciated Vehicles	(49,795)	(18,424)	(31,371)
Total Vehicles	397,084	146,921	250,163
Vehicle Depreciation at 25%	99,271	36,730	62,541
WSC Depreciation Expense	14,187	6,730	7,456
Total Depreciation Expense	650,893	203,603	447,290

Notes:

(1) From KEW Rebuttal Exhibit 2-1

(2) From KEW Rebuttal Exhibit 2

CAROLINA WATER SERVICE, INC.
AMORTIZATION OF CIAC EXPENSE
FOR THE TEST YEAR ENDED JUNE 30, 2004
COMBINED OPERATIONS

SML REBUTTAL EXHIBIT 12

(a) <u>Item</u>	(b) <u>Amount</u>	(c) <u>Water</u>	(d) <u>Sewer</u>
Gross CIAC Balance at 06/30/04	(17,323,883)	(5,076,093) (1)	(12,247,790) (1)
Amortization Expense at 1.5%	<u>(259,858)</u>	<u>(76,141)</u>	<u>(183,717)</u>

Notes:

(1) From KEW Rebuttal Exhibit 2-5

Carolina Water Service, Inc.
Capital Structure/Weighted Cost of Capital

SML Rebuttal Exhibit No. 13

	<u>Ratio</u>	<u>Cost</u>	<u>Weighted Cost</u>
Long-Term Debt	59.23%	7.28%	4.31%
Common Equity	<u>40.77%</u>	<u>11.40%</u>	<u>4.65%</u>
	100.00%		8.96%

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

In Re:)	
)	
Petition of Midlands Utility, Inc.)	PETITION
for Approval of Contract with)	
Carolina Water Service)	
)	

Pursuant to Rule 103-836 to this Commission's Rules of Practice and Procedure, Midlands Utility, Inc. hereby petitions the Commission for an order approving a contract between it and Carolina Water Service by which Carolina Water Service will treat waste water from the Vanarsdale subdivision served by Midlands. In support of its petition Midlands would show the following:

1. In 1993 the South Carolina Department of Health and Environmental Control initiated proceedings to require Midlands to eliminate or upgrade the treatment facility for the Vanarsdale subdivision served by Midlands. Upgrading the facility was prohibitively expensive and Midlands thus agreed to close down the facility and make arrangements to contract for the treatment of waste generated in the Vanarsdale subdivision.

2. By letter dated August 17, 1993, Utilities, Inc. on behalf of Carolina Water Service made a proposal to Midlands to provide bulk treatment service at a monthly rate of \$11.00 per customer in addition to an impact fee of \$83,000.00. This proposal is attached as Exhibit A. By letter dated September 17, 1993 Midlands Utility accepted this proposal. See Exhibit B.

3. Subsequently, Carolina Water Service agreed to finance \$63,000.00 of the impact fee payable over 36 months at 8% interest

and secured by an agreement which permits Carolina Water Service to purchase the Vanarsdale system on specific terms in the event of default by Midlands. The agreement is evidenced by an exchange of correspondence between counsel for the parties. Exhibit C.

4. South Carolina Department of Health and Environmental Control has issued a construction permit to Midlands covering this project by which Midlands will interconnect with the Carolina Water Service I-20 treatment plant. See Exhibit D. DHEC has also approved a modification to the Carolina Water Service permit for that facility to enable Carolina Water Service to treat the additional flow.

5. The contract entered between Midlands and Carolina Water Service is prudent, reasonable and necessary for Midlands to provide adequate sewer service to its customers in the Vanarsdale subdivision.

For the foregoing reasons Midlands submits that the contract between it and Carolina Water Service should be approved by this Commission and requests the Commission issue an order approving the contract.

Respectfully submitted,



Frank R. Ellerbe, III
Robinson, McFadden & Moore, P.C.
Post Office Box 944
Columbia, South Carolina 29202
(803) 779-8900

Attorneys for Midlands Utility, Inc.

Columbia, South Carolina
September 7, 1995.

AGREEMENT FOR WASTEWATER UTILITY TREATMENT SERVICE
MIDLANDS UTILITY, LEXINGTON COUNTY, SOUTH CAROLINA

This Agreement is entered into this 15th day of November, 1996 between Midlands Utility (hereinafter referred to as "Utility"), Keith G. Parnell (hereinafter referred to as "Developer"), and Carolina Water Service, Inc., a Delaware Corporation (hereinafter referred to as "Servicer").

W I T N E S S E T H:

WHEREAS, Developer is the owner of Utility, which serves an area located in Lexington County, South Carolina, and

WHEREAS, Utility provides sanitary wastewater collection service through wastewater collection mains, related facilities and real estate (collectively the "Facilities") to a residential community which contains approximately 416 single family equivalents, including 158 residential dwelling units, 228 apartments and a commercial area. The Term "Development" as used in this Agreement refers to all of the above-described so served land and real estate, more fully described in Exhibit 1 attached hereto, and

WHEREAS, Servicer is a South Carolina public utility engaged in the business of furnishing sanitary wastewater collection and treatment service to the public in various areas throughout South Carolina and in particular, contiguous to the Development, and

WHEREAS, Utility and the Servicer desire Utility's wastewater collection Facilities within the Development to be interconnected with the Servicer's I-20 regional sewage treatment facility;

WHEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

ARTICLE I

Representations and Warranties of Developer

1. The Developer represents and warrants:
 - a. That it owns or is acting on behalf of the owner of Utility.
 - b. That it will cause Utility to cooperate with Servicer in any and all applications and petitions to public authorities deemed necessary or desirable by the Servicer in connection with the provision of wholesale wastewater treatment service contemplated by this Agreement.
 - c. That it will cause Utility to install all needed wastewater facilities required to interconnect Utility's Facilities with Servicer's wastewater treatment facilities.
 - d. That it will cause Utility to convey to Servicer or provide by recorded subdivision plats such easements or rights of way as the Servicer may reasonably require for the

JAN 29 8 32 AM '97
 DEBRA H. GUNTER
 RMC
 LEXINGTON COUNTY
 FILED
 COPY

Service's performance of its obligations under this Agreement, including any such conveyances required by Service after transfer of ownership of Utility assets as a result of default by Utility, such default as hereinafter defined. Any such plats, conveyances or licenses will be in a form satisfactory to the Service's legal counsel.

e. Developer warrants and represents that, as of the execution of this Agreement, the wastewater facility assets of Utility are free of any and all liens and encumbrances and that they will remain so until the \$83,000 connection fee obligation specified hereinafter in Article II, paragraph 2, has been paid to Service in full.

ARTICLE II

Obligations of Utility and Default Purchase Price

1. Upon Utility's installation and interconnection of the Facilities to the I-20 regional treatment facility, Service agrees to supply Utility with adequate and customary wholesale wastewater treatment service for all wastewater collected by Utility from Development, under Service's fees, rates, rules and regulations.
2. Upon installation and interconnection of Utility's Facilities to the I-20 regional treatment facility pursuant to this agreement and prior to Service receiving sewage from Utility, Utility agrees to pay a connection fee to Service in the amount of \$83,000 plus interest as follows:
 - a. ²⁰ A payment in the amount of \$20,000 at the time of interconnection and prior to service inception, made in immediately available funds.
 - b. The balance in the amount of \$63,000 payable monthly over 36 months at 8% simple interest. Such payments must be received by Service by the 10th of the month immediately following the month service was rendered.
3. In the event Utility fails to make any of the above payments or in any way defaults on the terms of this Agreement, whether such default occurs from non-payment of connection fee obligations or usage fees assessed by Service on Utility, then Service has the option of purchasing Utility Facilities and related real estate for a consideration of \$45,000, less any remaining balance of delinquent monthly usage fees, and less any remaining balance of the original \$83,000 obligation to Service (including accrued, unpaid interest).
4. All necessary Power of Attorney and Corporate action authorizing the transfer of Facilities to Service in the event of default must be exercised by Utility and placed with a mutually acceptable attorney to guarantee transfer of Facilities to Service in the event of any such Utility default under this Agreement.

ARTICLE III

Construction and Installation of Interconnection Mains by Utility

1. The Facilities will be interconnected by Utility, at Utility's sole cost and expense, with Servicer's I-20 wastewater collection mains, at a point determined by Servicer.
2. All materials as or when installed shall be new, first class, and suitable for the uses made thereof and Servicer shall have the right to approve all materials.
3. Utility shall save and hold Servicer harmless from and against all suits or claims that may be based upon any injury to any person or property that may occur in the course of the performance of the construction of the mains by Utility or by anyone acting on Utility's behalf, or under Utility's supervision and control, including but not limited to claims made by employees of Utility, and Utility shall, at its own cost and expense, pay all costs and other expenses arising therefrom, or incurred in connection therewith, including reasonable attorneys' fees.
4. In the Event Servicer obtains ownership of Facilities, Utility shall execute all conveyances, licenses and other documents reasonably requested by Servicer as necessary or desirable in its opinion to insure Servicer's ownership of, ready access to, and operation and maintenance of the Facilities. Utility shall furnish Servicer with lien waivers in a form satisfactory to Servicer's counsel from Utility and from all suppliers, subcontractors and all others who furnish labor, equipment, materials, rentals, or who perform any services in connection with construction hereunder. Utility agrees to provide to Servicer documentary evidence, in a form satisfactory to Servicer, sufficient to establish the original cost of the Facilities. Servicer shall then have, at all times, all right, title and interest in and to the Facilities as sole owner thereof and thereafter.
5. In the event of default and Servicer exercises its right to acquire the Facilities, Utility shall, grant permanent, assignable easements satisfactory to Servicer, authorizing Servicer to own, operate and maintain the Facilities and providing reasonably adequate rights of access and working space for such purposes.
6. Utility shall, upon transfer to Servicer of the Facilities, provide to Servicer as-built drawings, and all other information reasonably required to operate, maintain, and repair the Facilities.

ARTICLE IV

General

1. Except as provided in this Agreement, neither party to this Agreement shall be liable to the other for failure, default or delay in performing any of its obligations hereunder, if such failure, default or delay is caused by strikes or other labor problems, by forces of

nature, unavoidable accident, fire, acts of the public enemy, interference by civil authorities, acts or failure to act, decisions or orders or regulations of any governmental or military body or agency, office or commission, delays in receipt of materials, or any other cause, whether of similar or dissimilar nature, not within the control of the party affected and which, by the exercise of due diligence such party is unable to prevent or overcome, except as otherwise provided for herein. Should any of the foregoing events occur, the parties hereto agree to proceed with diligence to do what is reasonable and necessary so that each party may perform its obligations under this Agreement.

2. The failure of either party hereto to enforce any of the provisions of this Agreement or the waiver thereof in any instance by either party shall not be construed as a general waiver or relinquishment on its part of any such provisions, but the same shall, nevertheless, be and remain in full force and effect.
3. The representations, warranties and agreements contained herein shall survive, and continue in effect, after the payment for the Facilities. Servicer agrees to indemnify Utility, its successors and assigns, and hold Utility harmless against any loss, damage, liability, expense or cost occurring or resulting from any misrepresentation or breach of any representation, warranty or agreement on the part of Servicer under this Agreement; Utility agrees to indemnify Servicer, its successors and assigns, and hold it and them harmless against any loss, damage, liability, expense or cost of Servicer, occurring or resulting from any misrepresentation or breach of any representation warranty or agreement on the part of Utility under this Agreement or from any misrepresentation in or material omission from any certificate or other document furnished or to be furnished to Servicer by Utility.
4. Neither Utility, Developer nor any entity or individual affiliated with Utility or Developer has executed any agreement with any lot purchaser in the Development, or any other parties, or made any representations to any such purchaser or other parties whereunder such purchaser or other parties have acquired any interest in Facilities either installed or to be installed under this Agreement.
5. This Agreement sets forth the complete understanding between Utility, Developer and Servicer, and any amendments hereto to be effective must be made in writing.
6. Notices, correspondence and invoicing required hereunder shall be given to Utility, Developer and Servicer at the following addresses, or at any other addressed designated in writing by either party subsequent to the date hereof:

If to Servicer:

Carolina Water Service, Inc.
2335 Sanders Road
Northbrook, IL 60062
Attn: James L. Camaren

If to Utility or Developer: Midlands Utility, Inc.
816 East Main Street
P.O. Box 887
Lexington, SC 29071
Attn: Mr. Keith G. Parnell

Delivery, when made by registered or certified mail, shall be deemed complete upon mailing.

7. After Utility has completed payment of the \$83,000 connection fee, in the event Utility defaults on the payment of any billing for Servicer treatment service, following an official notice from Servicer to Utility that Utility is in default and allowing a stipulated 30 day period when the Utility may cure such default, treatment service by Servicer will be terminated and remain so until such time as such default has been fully cured.
8. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.
9. The Exhibits to this Agreement are a part hereof and are hereby incorporated in full by reference.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year above first written.

Utility

By: Keith G. Parnell Vice President
Midlands Utility, Inc.

ATTEST: Frank Ellisor

ATTEST:

Antoinette C. Hawkins
Antoinette C. Hawkins

ATTEST: Frank Ellisor

Developer

By: Keith G. Parnell
Keith G. Parnell

ATTEST:

Antoinette C. Hawkins
Antoinette C. Hawkins

ATTEST: Philip S. Seely

Servicer

By: J. Caran
Carolina Water Service, Inc.

ATTEST:

Joyce Guidice
Joyce Guidice

STATE OF SOUTH CAROLINA)

COUNTY OF Richland)

PROBATE

PERSONALLY appeared before me the undersigned witness, who, being duly sworn, says that s/he saw the within-named KEITH G. PARNELL, individually and on behalf of Midlands Utility, Inc. sign seal and as his act and deed deliver the within AGREEMENT FOR WASTEWATER UTILITY TREATMENT SERVICE MIDLANDS UTILITY, LEXINGTON COUNTY, SOUTH CAROLINA; and that s/he with the other witness whose signature appears above witnessed the execution thereof.

SWORN TO BEFORE ME this 2nd
day of January, 1996/1997

Frank E. Ellis
Witness # 2

Antoinette C. Hawkins
Notary Public for South Carolina and Witness # 1
My Commission Expires: 2-10-02

STATE OF ILLINOIS)

COUNTY OF Cook)

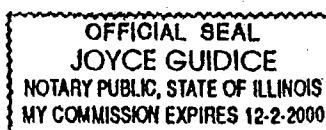
PROBATE

PERSONALLY appeared before me the undersigned witness, who, being duly sworn, says that s/he saw the within-named JAMES L. CAMAREN, individually and on behalf of Carolina Water Service, Inc. sign seal and as his act and deed deliver the within AGREEMENT FOR WASTEWATER UTILITY TREATMENT SERVICE MIDLANDS UTILITY, LEXINGTON COUNTY, SOUTH CAROLINA; and that s/he with the other witness whose signature appears above witnessed the execution thereof.

SWORN TO BEFORE ME this 13th
day of January, 1996-1997

Richard Suley
Witness # 2

Joyce Guidice
Notary Public for Illinois and Witness # 1
My Commission Expires: 12/2/2000



Carolina Water Service, Inc.
Vehicles
Test Year Ended June 30, 2004

SML Rebuttal Exhibit No. 16

Invoices for Newly Acquired Vehicles



1691 J.A. Cochran By-Pass
CHESTER, S.C. 29706
(803) 377-4147
1-800-849-9829

STOCK NO.
605694

DEAL NO. 40913

PURCHASER'S NAME CAROLINA WATER SERVICE INC DATE 02/24/2005
STREET ADDRESS 110 QUEEN PARKWAY PHONE (704)525-7992
CITY WEST COLUMBIA COUNTY LEXINGTON STATE SC ZIP 29171 SALESPERSON JAMES FRANKLIN
ENTER MY ORDER FOR ONE ☒ NEW ☐ USED ☐ CAR ☒ TRUCK ☐ DEMONSTRATOR ☐ FACTORY OFFICIAL ☐ RENTAL VEHICLE AS FOLLOWS:

YEAR	MAKE	MODEL	BODY TYPE	COLOR	TRIM
2005	CHEVROLET TRUCK	C15 FULL SIZ	SILVERADO LS 1500MMIT	WHITE	
VIN	2 G C E C 1 9 V 5 5 1 1 2 5 0 3 9 4		TO BE DELIVERED ON OR ABOUT	02/24/2005	STOCK NO. 605694

REMARKS:	CASH PRICE OF VEHICLE	\$ 21718.82
* INCLUDES ALL DISCOUNTS AND REBATES	Inv# 0522/40913	
	#0522	

DEPOSIT RECEIPT: Dealer hereby acknowledges receipt of the sum of \$ _____ as a Deposit/Partial Payment for the vehicle described above. If this Receipt is for a Deposit, Dealer will refrain from selling the described vehicle for _____ days. This Deposit/Partial Payment <input type="checkbox"/> IS <input type="checkbox"/> IS NOT refundable, subject to the conditions on the reverse side and the following: _____	NEGATIVE EQUITY: I am aware that the balance owed on my trade-in vehicle or the amount owed on my lease turn-in vehicle exceeds the trade-in allowance from Dealer and, as a result, I have requested that the cash price of the vehicle be increased by <u>N/A</u> to cover negative equity from my trade-in/the amount owed on my lease turn-in. <input checked="" type="checkbox"/> X	<u>070-0248-3917000</u> DUE TO INSURANCE REASONS ALL AMERICAN AUTOMALL CANNOT PROVIDE A SERVICE LOANER VEHICLE
---	---	--

TRADE-IN AND OTHER CREDITS		21718.82		← SELLING PRICE →		21718.82
TRADE-IN ALLOWANCE	N/A	→	N/A	X 5 % = SALES TAX	300.00	
BALANCE OWED ON TRADE	N/A	TAXABLE TOTAL	21718.82	COUNTY	LEXINGTON	
BALANCE OWED TO:		ODOMETER MILEAGE STATEMENT		TITLE FILING FEES		75.00
NET EQUITY	N/A	THE ODOMETER OF THE ABOVE DESCRIBED VEHICLE NOW READS		OTHER		N/A
DEPOSIT	N/A	10 MILES/KILOMETERS.				N/A
CASH ON DELIVERY	N/A	AND IS ACCURATE UNLESS CHECKED BELOW				
OTHER	N/A	<input type="checkbox"/> ODOMETER MILEAGE IS NOT ACCURATE REFER TO THE FEDERAL MILEAGE STATEMENT FOR FULL DISCLOSURE		TOTAL		22093.82
TOTAL CREDIT	N/A	→		TOTAL CREDIT		N/A
TRADE-IN STOCK NO.	YEAR	MAKE	MODEL	BALANCE DUE		22093.82
BODY TYPE	VIN	MILEAGE				/

ALL WARRANTIES, IF ANY, BY A MANUFACTURER OR SUPPLIER OTHER THAN DEALER ARE THEIRS. NOT DEALERS. AND ONLY SUCH MANUFACTURER OR OTHER SUPPLIER SHALL BE LIABLE FOR PERFORMANCE UNDER SUCH WARRANTIES. UNLESS DEALER FURNISHES PURCHASER WITH A SEPARATE WRITTEN WARRANTY OR SERVICE CONTRACT MADE BY DEALER ON ITS OWN BEHALF. DEALER HEREBY DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE IN CONNECTION WITH THE VEHICLE AND ANY RELATED PRODUCTS AND SERVICES SOLD BY DEALER. DEALER NEITHER ASSUMES NOR AUTHORIZES ANY OTHER PERSON TO ASSUME FOR IT ANY LIABILITY IN CONNECTION WITH THE SALE OF THE VEHICLE AND THE RELATED PRODUCTS AND SERVICES. IN THE EVENT THAT A WRITTEN WARRANTY IS PROVIDED BY DEALER OR A SERVICE CONTRACT IS SOLD BY DEALER ON ITS OWN BEHALF, ANY IMPLIED WARRANTIES ARE LIMITED IN DURATION TO THE TERM OF THE WRITTEN WARRANTY/SERVICE CONTRACT.

CONTRACTUAL DISCLOSURE STATEMENT (USED VEHICLES ONLY) THE INFORMATION YOU SEE ON THE WINDOW FORM FOR THIS VEHICLE IS PART OF THIS CONTRACT. INFORMATION ON THE WINDOW FORM OVERRIDES ANY CONTRARY PROVISIONS IN THE CONTRACT OF SALE.

The front and back of this Agreement and any documents incorporated herein comprise the entire agreement affecting this purchase and no other agreement or understanding of any nature concerning same has been made or entered into, or will be recognized. I have read the terms and conditions printed on the back hereof and agree to them as a part of this Agreement the same as if it were printed above my signature. I certify that I am at least 18 years old, and hereby acknowledge receipt of a copy of this Agreement. THIS ORDER IS NOT VALID UNLESS SIGNED AND ACCEPTED BY DEALER OR HIS AUTHORIZED REPRESENTATIVE.

APPROVED: _____ DATE: 02/24/2005
DEALER OR AUTHORIZED REPRESENTATIVE SIGNED: _____ ACCEPTED BY PURCHASER

STOCK NO. 20000

3/30/05

DATE 04/05/2005

FEA NO. 44-108

PURCHASER'S NAME CAROLINA WATER SERVICE INC

STREET ADDRESS 110 QUEEN PARKWAY

CITY WEST COLUMBIA COUNTY LEXINGTON STATE SC ZIP 29171 SALESPERSON JAMES FRANKLIN

ENTER MY ORDER FOR ONE ☒ NEW ☐ USED ☐ CAR ☐ TRUCK ☐ DEMONSTRATOR ☐ FACTORY OFFICIAL ☐ RENTAL VEHICLE AS FOLLOWS:

YEAR	MAKE	MODEL	BODY TYPE	COLOR	TRIM
2005	CHEVROLET TRUCK	C15 FULL SZ	SILVERADO 1500	SUMMIT WHITE	
VIN	1GCEK10Z05Z263034		TO BE DELIVERED ON OR ABOUT	03/30/2005	STOCK NO. 605565

[illegible]

DEPOSIT RECEIPT: Dealer hereby acknowledges receipt of the sum of \$ _____ as a Deposit/Partial Payment for the vehicle described above. If this Receipt is for a Deposit, Dealer will refrain from selling the described vehicle for _____ days. This Deposit/Partial Payment <input type="checkbox"/> IS <input type="checkbox"/> IS NOT refundable, subject to the conditions on the reverse side and the following: _____		NEGATIVE EQUITY: I am aware that the balance owed on my trade-in vehicle or the amount owed on my lease turn-in vehicle exceeds the trade-in allowance from Dealer and, as a result, I have requested that the cash price of the vehicle be increased by \$N/A to cover negative equity from my trade-in/the amount owed on my lease turn-in.		070-0298-3917000	
		DUE TO INSURANCE REASONS ALL AMERICAN AUTOMALL CANNOT PROVIDE A SERVICE LOANER VEHICLE			
		_____		DOCUMENTARY FEES →	
X _____				N/A	

TRADE-IN AND OTHER CREDITS				25658.16	← SELLING PRICE →	25658.16
TRADE-IN ALLOWANCE		N/A	→	N/A	X 5 % = SALES TAX	300.00
BALANCE OWED ON TRADE		N/A	TAXABLE TOTAL	25658.16	COUNTY	LEXINGTON
BALANCE OWED TO:			ODOMETER MILEAGE STATEMENT		TITLE FILING FEES	75.00
NET EQUITY		N/A	THE ODOMETER OF THE ABOVE DESCRIBED VEHICLE NOW READS 10 MILES/KILOMETERS. AND IS ACCURATE UNLESS CHECKED BELOW <input type="checkbox"/> ODOMETER MILEAGE IS NOT ACCURATE REFER TO THE FEDERAL MILEAGE STATEMENT FOR FULL DISCLOSURE		OTHER	N/A
DEPOSIT		N/A				N/A
CASH ON DELIVERY	25033.16					
OTHER		N/A			TOTAL	25033.16
TOTAL CREDIT	25033.16		→		TOTAL CREDIT	25033.16
TRADE-IN STOCK NO.	YEAR	MAKE	MODEL		BALANCE DUE	N/A
BODY TYPE	VIN	MILEAGE				/

CONTRACTUAL DISCLOSURE STATEMENT (USED VEHICLES ONLY) THE INFORMATION YOU SEE ON THE WINDOW FORM FOR THIS VEHICLE IS PART OF THIS CONTRACT. INFORMATION ON THE WINDOW FORM OVERRIDES ANY CONTRARY PROVISIONS IN THE CONTRACT OF SALE.

The front and back of this Agreement and any documents incorporated herein comprise the entire agreement affecting this purchase and no other agreement or understanding of any nature concerning same has been made or entered into, or will be recognized. I have read the terms and conditions printed on the back hereof and agree to them as a part of this Agreement the same as if it were printed above my signature. I certify that I am at least 18 years old, and hereby acknowledge receipt of a copy of this Agreement.

03/30/2005

APPROVED: _____
DEALER OR AUTHORIZED REPRESENTATIVE

SIGNED: _____ ACCEPTED BY PURCHASER _____ DATE _____



3202 COMMERCE DRIVE
P.O. BOX 129
RICHBURG, S.C. 29729
803-789-3554

STOCK NO.	605932
3/30/05	
03/30/2005	

DEAL NO. 41405

PURCHASER'S NAME CAROLINA WATER SERVICE INC
STREET ADDRESS 110 QUEEN PARKWAY PHONE (704) 525-7990

CITY WEST COLUMBIA COUNTY LEXINGTON STATE SC ZIP 29171 SALESPERSON JAMES FRANKLIN

ENTER MY ORDER FOR ONE ☒ NEW ☐ USED ☐ CAR ☒ TRUCK ☐ DEMONSTRATOR ☐ FACTORY OFFICIAL ☐ RENTAL VEHICLE AS FOLLOWS:

YEAR	MAKE	MODEL	BODY TYPE	COLOR	TRIM
2005	CHEVROLET	TRUCK	C15 FULL SIZ	SILVERADO	SUMMIT WHITE

VIN	1GCEC14VX5E263504	TO BE DELIVERED ON OR ABOUT	03/30/2005	STOCK NO.	605932
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REMARKS: CASH PRICE OF VEHICLE \$ 16976.40

INCLUDES ALL DISCOUNTS AND REBATES Inv. # 0535/41405

DEPOSIT RECEIPT: NEGATIVE EQUITY:

Dealer hereby acknowledges receipt of the sum of \$ _____ as a Deposit/Partial Payment for the vehicle described above. If this Receipt is for a Deposit, Dealer will refrain from selling the described vehicle for _____ days. This Deposit/Partial Payment ☐ IS ☐ IS NOT refundable, subject to the conditions on the reverse side and the following: _____

I am aware that the balance owed on my trade-in vehicle or the amount owed on my lease turn-in vehicle exceeds the trade-in allowance from Dealer and, as a result, I have requested that the cash price of the vehicle be increased by \$ N/A to cover negative equity from my trade-in/the amount owed on my lease turn-in.

☒ X

DUE TO INSURANCE REASONS ALL AMERICAN AUTOMALL CANNOT PROVIDE A SERVICE LOANER VEHICLE

TRADE-IN AND OTHER CREDITS

TRADE-IN ALLOWANCE N/A 16976.40 16976.40

BALANCE OWED ON TRADE N/A TAXABLE TOTAL 16976.40 16976.40

BALANCE OWED TO: ODOMETER MILEAGE STATEMENT

NET EQUITY N/A THE ODOMETER OF THE ABOVE DESCRIBED VEHICLE NOW READS 10 MILES/KILOMETERS.

DEPOSIT N/A AND IS ACCURATE UNLESS CHECKED BELOW

CASH ON DELIVERY 17351.40 ☐ ODOMETER MILEAGE IS NOT ACCURATE REFER TO THE FEDERAL MILEAGE STATEMENT FOR FULL DISCLOSURE

OTHER N/A

17351.40 TOTAL 17351.40

TRADE-IN STOCK NO. YEAR MAKE MODEL TOTAL CREDIT 17351.40

BALANCE DUE N/A

BODY TYPE VIN MILEAGE

CONTRACTUAL DISCLOSURE STATEMENT (USED VEHICLES ONLY) THE INFORMATION YOU SEE ON THE WINDOW FORM FOR THIS VEHICLE IS PART OF THIS CONTRACT. INFORMATION ON THE WINDOW FORM OVERRIDES ANY CONTRARY PROVISIONS IN THE CONTRACT OF SALE.

The front and back of this Agreement and any documents incorporated herein comprise the entire agreement affecting this purchase and no other agreement or understanding of any nature concerning same has been made or entered into, or will be recognized. I have read the terms and conditions printed on the back hereof and agree to them as a part of this Agreement the same as if it were printed above my signature. I certify that I am at least 18 years old, and hereby acknowledge receipt of a copy of this Agreement.

03/30/2005

APPROVED: _____ DEALER OR AUTHORIZED REPRESENTATIVE SIGNED: _____ ACCEPTED BY PURCHASER _____ DATE _____



3202 COMMERCE DRIVE
P.O. BOX 129
RICHBURG, S.C. 29729
803-789-3554

DATE
3/30/05
3/30/2005

DEALER NO. 11407 Carolina Water Service

PURCHASER'S NAME 110 QUEEN PARKWAY STREET ADDRESS
PHONE (704) 625-7990 DATE

CITY WEST COLUMBIA COUNTY LEXINGTON STATE SC ZIP 29171 SALESPERSON JAMES FRANKLIN

ENTER MY ORDER FOR ONE ☒ NEW ☐ USED ☐ CAR ☒ TRUCK ☐ DEMONSTRATOR ☐ FACTORY OFFICIAL ☐ RENTAL VEHICLE AS FOLLOWS

YEAR 2005 MAKE CHEVROLET MODEL TRUCK BODY TYPE C15 FULL SIZE COLOR SILVERADO TRIM SUMMIT WHITE

VIN 1GCEC14VXSE263535 TO BE DELIVERED ON OR ABOUT 03/30/2005 STOCK NO. 905931

REMARKS: CASH PRICE OF VEHICLE \$ 16976.40
* INCLUDES ALL DISCOUNTS AND REBATES
Inv. # 0533/41407
#0533
-0298-
070-0485-3917000

DEPOSIT RECEIPT:
Dealer hereby acknowledges receipt of the sum of \$ _____ as a Deposit/Partial Payment for the vehicle described above. If this Receipt is for a Deposit, Dealer will refrain from selling the described vehicle for _____ days. This Deposit/Partial Payment ☐ IS ☐ IS NOT refundable, subject to the conditions on the reverse side and the following: _____

NEGATIVE EQUITY:
I am aware that the balance owed on my trade-in vehicle or the amount owed on my lease turn-in vehicle exceeds the trade-in allowance from Dealer and, as a result, I have requested that the cash price of the vehicle be increased by \$ N/A to cover negative equity from my trade-in/the amount owed on my lease turn-in.

☒ X

DUE TO INSURANCE REASONS ALL AMERICAN AUTOMALL CANNOT PROVIDE A SERVICE LOANER VEHICLE

DOCUMENTARY FEES → N/A

TRADE-IN AND OTHER CREDITS			16976.40	← SELLING PRICE →	16976.40
TRADE-IN ALLOWANCE	N/A	→	N/A	X 5 % = SALES TAX	300.00
BALANCE OWED ON TRADE	N/A	TAXABLE TOTAL	16976.40	COUNTRY LEXINGTON	
BALANCE OWED TO:		ODOMETER MILEAGE STATEMENT		TITLE FILING FEES	75.00
NET EQUITY	N/A	THE ODOMETER OF THE ABOVE DESCRIBED VEHICLE NOW READS <u>10</u> MILES/KILOMETERS. AND IS ACCURATE UNLESS CHECKED BELOW <input type="checkbox"/> ODOMETER MILEAGE IS NOT ACCURATE REFER TO THE FEDERAL MILEAGE STATEMENT FOR FULL DISCLOSURE		OTHER	N/A
DEPOSIT	N/A				N/A
CASH ON DELIVERY	17351.40				
OTHER	N/A			TOTAL	17351.40
TOTAL CREDIT	17351.40			TOTAL CREDIT	17351.40
TRADE-IN STOCK NO.	YEAR	MAKE	MODEL	BALANCE DUE	N/A
BODY TYPE	VIN	MILEAGE			1

CONTRACTUAL DISCLOSURE STATEMENT (USED VEHICLES ONLY) THE INFORMATION YOU SEE ON THE WINDOW FORM FOR THIS VEHICLE IS PART OF THIS CONTRACT. INFORMATION ON THE WINDOW FORM OVERRIDES ANY CONTRARY PROVISIONS IN THE CONTRACT OF SALE.

The front and back of this Agreement and any documents incorporated herein comprise the entire agreement affecting this purchase and no other agreement or understanding of any nature concerning same has been made or entered into, or will be recognized. I have read the terms and conditions printed on the back hereof and agree to them as a part of this Agreement the same as if it were printed above my signature. I certify that I am at least 18 years old, and hereby acknowledge receipt of a copy of this Agreement.

APPROVED: _____ DEALER OR AUTHORIZED REPRESENTATIVE
SIGNED: _____ ACCEPTED BY PURCHASER
DATE 03/30/2005



CHESTER, S.C. 29706

(803) 377-4147

1-800-849-9829

DEAL NO. 40918

PURCHASER'S NAME CAROLINA WATER SERVICE INC

STREET ADDRESS 110 QUEEN PARKWAY

CITY WEST COLUMBIA COUNTY LEXINGTON STATE SC ZIP 29171 SALESPERSON JAMES FRANKLIN

DATE 02/24/2005

(704) 525-7992

ENTER MY ORDER FOR ONE ☒ NEW ☐ USED ☐ CAR ☒ TRUCK ☐ DEMONSTRATOR ☐ FACTORY OFFICIAL ☐ RENTAL VEHICLE AS FOLLOWS:

YEAR	MAKE	MODEL	BODY TYPE	COLOR	TRIM
2005	CHEVROLET TRUCK	C15 FULL SIZ	SILVERADO LS 1500MMIT	WHITE	
VIN	1 G C E C 1 4 V 8 5 Z 2 3 2 4 5 4				
TO BE DELIVERED ON OR ABOUT			02/24/2005		STOCK NO. G05795

REMARKS:	CASH PRICE OF VEHICLE	\$ 18131.30
* INCLUDES ALL DISCOUNTS AND REBATES	Inv. # 0525/40918	
	#0525	
	070-0298-3917000	
DEPOSIT RECEIPT: Dealer hereby acknowledges receipt of the sum of \$ _____ as a Deposit/Partial Payment for the vehicle described above. If this Receipt is for a Deposit, Dealer will refrain from selling the described vehicle for _____ days. This Deposit/Partial Payment <input type="checkbox"/> IS <input type="checkbox"/> IS NOT refundable, subject to the conditions on the reverse side and the following: _____	NEGATIVE EQUITY: I am aware that the balance owed on my trade-in vehicle or the amount owed on my lease turn-in vehicle exceeds the trade-in allowance from Dealer and, as a result, I have requested that the cash price of the vehicle be increased by \$7A to cover negative equity from my trade-in/the amount owed on my lease turn-in. <input checked="" type="checkbox"/>	DUE TO INSURANCE REASONS ALL AMERICAN AUTOMALL CANNOT PROVIDE A SERVICE LOANER VEHICLE
		DOCUMENTARY FEES → N/A

TRADE-IN AND OTHER CREDITS		18131.30	← SELLING PRICE →	18131.30
TRADE-IN ALLOWANCE	N/A	→	N/A	X 5 % = SALES TAX
BALANCE OWED ON TRADE	N/A	TAXABLE TOTAL	18131.30	300.00
BALANCE OWED TO:		ODOMETER MILEAGE STATEMENT	COUNTY LEXINGTON	TITLE FILING FEES 75.00
NET EQUITY	N/A	THE ODOMETER OF THE ABOVE DESCRIBED VEHICLE NOW READS 56 MILES/KILOMETERS.	OTHER	N/A
DEPOSIT	N/A	AND IS ACCURATE UNLESS CHECKED BELOW <input type="checkbox"/> ODOMETER MILEAGE IS NOT ACCURATE REFER TO THE FEDERAL MILEAGE STATEMENT FOR FULL DISCLOSURE		N/A
CASH ON DELIVERY	N/A		TOTAL	18506.30
OTHER	N/A		TOTAL CREDIT	N/A
TOTAL CREDIT	N/A		BALANCE DUE	18506.30
TRADE-IN STOCK NO.	YEAR	MAKE	MODEL	
BODY TYPE	VIN	MILEAGE		

ALL WARRANTIES, IF ANY, BY A MANUFACTURER OR SUPPLIER OTHER THAN DEALER ARE THEIRS, NOT DEALERS, AND ONLY SUCH MANUFACTURER OR OTHER SUPPLIER SHALL BE LIABLE FOR PERFORMANCE UNDER SUCH WARRANTIES. UNLESS DEALER FURNISHES PURCHASER WITH A SEPARATE WRITTEN WARRANTY OR SERVICE CONTRACT MADE BY DEALER ON ITS OWN BEHALF, DEALER HEREBY DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE IN CONNECTION WITH THE VEHICLE AND ANY RELATED PRODUCTS AND SERVICES SOLD BY DEALER. DEALER NEITHER ASSUMES NOR AUTHORIZES ANY OTHER PERSON TO ASSUME FOR IT ANY LIABILITY IN CONNECTION WITH THE SALE OF THE VEHICLE AND THE RELATED PRODUCTS AND SERVICES. IN THE EVENT THAT A WRITTEN WARRANTY IS PROVIDED BY DEALER OR A SERVICE CONTRACT IS SOLD BY DEALER ON ITS OWN BEHALF, ANY IMPLIED WARRANTIES ARE LIMITED IN DURATION TO THE TERM OF THE WRITTEN WARRANTY/SERVICE CONTRACT.

CONTRACTUAL DISCLOSURE STATEMENT (USED VEHICLES ONLY) THE INFORMATION YOU SEE ON THE WINDOW FORM FOR THIS VEHICLE IS PART OF THIS CONTRACT. INFORMATION ON THE WINDOW FORM OVERRIDES ANY CONTRARY PROVISIONS IN THE CONTRACT OF SALE.

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02/24/2005

APPROVED: _____ DEALER OR AUTHORIZED REPRESENTATIVE SIGNED: _____ ACCEPTED BY PURCHASER DATE

STOCK NO.	G05803

DEAL NO. 40917

PURCHASER'S NAME CAROLINA WATER SERVICE INC

STREET ADDRESS 110 QUEEN PARKWAY

PHONE

DATE 02/24/2005
(704) 525-7992

CITY WEST COLUMBIA COUNTY LEXINGTON STATE SC ZIP 29171 SALESPERSON JAMES FRANKLIN GOR

ENTER MY ORDER FOR ONE ☒ NEW ☐ USED ☐ CAR ☒ TRUCK ☐ DEMONSTRATOR ☐ FACTORY OFFICIAL ☐ RENTAL VEHICLE AS FOLLOWS:

YEAR	MAKE	MODEL	BODY TYPE	COLOR	TRIM
2005	CHEVROLET TRUCK	C15 FULL SIZ	SILVERADO LS 1500	COMMIT WHITE	

VIN	1 G C E C 1 4 V 7 5 Z 2 0 2 5 3 8	TO BE DELIVERED ON OR ABOUT	02/24/2005	STOCK NO.	G05803
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REMARKS:	CASH PRICE OF VEHICLE	\$ 18518.15
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* INCLUDES ALL DISCOUNTS AND REBATES	Tax # 0523/49/17		
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	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	
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	KAF73		

	10325		

DEPOSIT RECEIPT:	NEGATIVE EQUITY:	07.1 0788 34 47882		
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Dealer hereby acknowledges receipt of the	I am aware that the balance owed on	010-0718-3971000	
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sum of \$ _____ as a Deposit/Partial	my trade-in vehicle or the amount owed on my lease turn-in vehicle			
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Payment for the vehicle described above. If this Receipt is for a Deposit Dealer will	exceeds the trade-in allowance from Dealer and as a result, I have re-			
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refrain from selling the described vehicle for	questioned that the cash price of the vehicle be increased by	DUE TO INSURANCE REASONS ALL AMERICAN AUTOMALL	
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_____ days. This Deposit/Partial Pay-	_____ to cover negative	CANNOT PROVIDE A SERVICE LOANER VEHICLE	
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ment ☐ IS ☐ IS NOT refundable, subject to the conditions on the reverse side and the equity from my trade-in/the amount owed on my lease turn-in.

following: _____	X _____	_____	DOCUMENTARY FEES →	N/A
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TRADE-IN AND OTHER CREDITS	18518.15	← SELLING PRICE →	18518.15
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TRADE-IN ALLOWANCE	N/A		N/A	x 5	% = SALES TAX	300.00
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BALANCE OWED ON TRADE	N/A	TAXABLE TOTAL	18518.15	COUNTY LEXINGTON	
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BALANCE OWED TO:		ODOMETER MILEAGE STATEMENT	TITLE FILING FEES	75.00
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NET EQUITY	N/A	THE ODOMETER OF THE ABOVE	OTHER	N/A
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DEPOSIT	N/A	DESCRIBED VEHICLE NOW READS 116 MILES/KILOMETERS.	N/A
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CASH ON DELIVERY	N/A	AND IS ACCURATE UNLESS CHECKED BELOW		
		<input type="checkbox"/> ODOMETER MILEAGE IS NOT ACCURATE		

OTHER	N/A	REFER TO THE FEDERAL MILEAGE	TOTAL	18893	15
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TOTAL CREDIT	N/A	STATEMENT FOR FULL DISCLOSURE	TOTAL	N/A
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TOTAL CREDIT		N/A		TOTAL CREDIT		N/A	
TRADE IN STOCK NO		NAME		BALANCE DUE		10002 15	

TRADE-IN STOCK NO.	YEAR	MAKE	MODEL	BALANCE DUE	10039.10
					1

ODI TYPE	VIN	MILEAGE			

ALL WARRANTIES, IF ANY, BY A MANUFACTURER OR SUPPLIER OTHER THAN DEALER ARE THEIRS. NOT DEALERS. AND ONLY SUCH MANUFACTURER OR OTHER SUPPLIER SHALL BE LIABLE FOR PERFORMANCE UNDER SUCH WARRANTIES. UNLESS DEALER FURNISHES PURCHASER WITH A SEPARATE WRITTEN WARRANTY OR SERVICE CONTRACT MADE

DEALER ON ITS OWN BEHALF, DEALER HEREBY DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE IN CONNECTION WITH THE VEHICLE AND ANY RELATED PRODUCTS AND SERVICES SOLD BY DEALER. DEALER NEITHER ASSUMES NOR AUTHORIZES ANY

THE PERSON TO ASSUME FOR IT ANY LIABILITY IN CONNECTION WITH THE SALE OF THE VEHICLE AND THE RELATED PRODUCTS AND SERVICES. IN THE EVENT THAT A WRITTEN WARRANTY IS PROVIDED BY DEALER OR A SERVICE CONTRACT IS SOLD BY DEALER ON ITS OWN BEHALF, ANY IMPLIED WARRANTIES ARE LIMITED IN DURATION TO THE TERM OF THE

CONTRACTUAL DISCLOSURE STATEMENT (USED VEHICLES ONLY) THE INFORMATION YOU SEE ON THE WINDOW FORM FOR THIS VEHICLE IS PART OF THIS CONTRACT INFORMATION

IN THE WINDOW FORM OVERRIDES ANY CONTRARY PROVISIONS IN THE CONTRACT OF SALE.

The front and back of this Agreement and any documents incorporated herein comprise the entire agreement affecting this purchase and no other agreement

I have read and understand the terms and conditions of this Agreement and agree to them as a part of this Agreement the same as if it were printed above my signature. I certify that I am at least 18 years old, and hereby

knowledge receipt of a copy of this Agreement. THIS ORDER IS NOT VALID UNLESS SIGNED AND ACCEPTED BY DEALER OR HIS AUTHORIZED REPRESENTATIVE

02/24/2005

APPROVED: _____ DEALER OR AUTHORIZED REPRESENTATIVE

SIGNED: _____ ACCEPTED BY PURCHASER DATE _____

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CAROLINA WATER SERVICE, INC.

Docket No. 2004-357-WS

River Hills Area

SML Rebuttal Exhibit No. 17

Average Monthly Consumption : 5,919

CURRENT - BULK

<u>Water</u>	<u>CWS</u>		<u>York County</u>	
Base Facilities Charge		\$ 10.00		\$ 0.21
Per 1,000 gallons	\$ 1.85	<u>10.95</u>	\$ 3.26	<u>19.30</u>
Total		\$ 20.95		\$ 19.51
<u>Sewer</u>				
Base Facilities Charge		\$ 19.38		\$ 0.44
Per 1,000 gallons	\$ -	<u>-</u>	\$ 3.64	<u>21.55</u>
Total		\$ 19.38		\$ 21.99
Combined		<u>\$ 40.33</u>		<u>\$ 41.49</u>
CWS		\$ 40.33	49.29%	
York County		<u>41.49</u>	50.71%	
Total		<u>\$ 81.82</u>		